

ANNUAL STATEMENT

For the Year Ending DECEMBER 31, 2015

OF THE CONDITION AND AFFAIRS OF THE

HAP Midwest Health Plan, Inc.

NAIC Group Code	1311 (Current Period)	1311 (Prior Period)	NAIC Company Code	95814	Employer's ID Number	38-3123777
Organized under the Laws of	Michigan		State of Domicile or Port of Entry	Michigan		
Country of Domicile	United States of America					
Licensed as business type:	Life, Accident & Health[] Dental Service Corporation[] Other[]		Property/Casualty[] Vision Service Corporation[] Is HMO Federally Qualified? Yes[] No[X] N/A[]		Hospital, Medical & Dental Service or Indemnity[] Health Maintenance Organization[X]	
Incorporated/Organized	01/01/1994		Commenced Business	01/01/1994		
Statutory Home Office	4700 Schaefer Road Ste. 340 (Street and Number)		Dearborn, MI, 48126 (City or Town, State, Country and Zip Code)			
Main Administrative Office			4700 Schaefer Road Ste. 340 (Street and Number)			
	Dearborn, MI, 48126 (City or Town, State, Country and Zip Code)		(313)581-3700 (Area Code) (Telephone Number)			
Mail Address	4700 Schaefer Road Ste. 340 (Street and Number or P.O. Box)		Dearborn, MI, 48126 (City or Town, State, Country and Zip Code)			
Primary Location of Books and Records			4700 Schaefer Rd. Ste. 340 (Street and Number)			
	Dearborn, MI, 48126 (City or Town, State, Country and Zip Code)		(313)581-3700 (Area Code) (Telephone Number)			
Internet Website Address	www.Hap.org/midwest					
Statutory Statement Contact	Paul E Stevenson, CPA (Name)		(313)586-6067 (Area Code)(Telephone Number)(Extension)			
	p Stevenson@midwesthealthplan.com (E-Mail Address)		(313)429-5167 (Fax Number)			

OFFICERS

Name	Title
Mary Ann Tournoux	Interim President
Mark Saffer	President
Dan Champney	Secretary
#Todd Hutchinson	Treasurer

OTHERS

Allen A. Kessler CPA

Mark H. Tucker MD

DIRECTORS OR TRUSTEES

James Connelly
Dan Champney
John Lindsey

Mary Ann Tournoux
#Todd Hutchinson
Tibbitha McCubbin

State ofMichigan

County ofWayne

ss

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of the said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

(Signature)	(Signature)	(Signature)
Mary Ann Tournoux	Dan Champney	Todd Hutchinson
(Printed Name)	(Printed Name)	(Printed Name)
1.	2.	3.
Interim President	Secretary	Treasurer
(Title)	(Title)	(Title)

Subscribed and sworn to before me this
day of, 2016

a. Is this an original filing?
b. If no,
1. State the amendment number
2. Date filed
3. Number of pages attached

Yes[X] No[]

(Notary Public Signature)

ASSETS

		Current Year			Prior Year
		1	2	3	4
		Assets	Nonadmitted Assets	Net Admitted Assets (Cols.1-2)	Net Admitted Assets
1.	Bonds (Schedule D)	36,132,587		36,132,587	15,920,457
2.	Stocks (Schedule D)				
2.1	Preferred stocks				
2.2	Common Stocks				
3.	Mortgage loans on real estate (Schedule B):				
3.1	First liens				
3.2	Other than first liens				
4.	Real estate (Schedule A):				
4.1	Properties occupied by the company (less \$.....0 encumbrances)				
4.2	Properties held for the production of income (less \$.....0 encumbrances)				
4.3	Properties held for sale (less \$.....0 encumbrances)				
5.	Cash (\$.....27,895,503, Schedule E Part 1), cash equivalents (\$.....0, Schedule E Part 2) and short-term investments (\$.....98,526,726, Schedule DA)	126,422,230		126,422,230	73,752,836
6.	Contract loans (including \$.....0 premium notes)				
7.	Derivatives (Schedule DB)				
8.	Other invested assets (Schedule BA)				
9.	Receivables for securities				
10.	Securities Lending Reinvested Collateral Assets (Schedule DL)				
11.	Aggregate write-ins for invested assets				
12.	Subtotals, cash and invested assets (Lines 1 to 11)	162,554,816		162,554,816	89,673,293
13.	Title plants less \$.....0 charged off (for Title insurers only)				
14.	Investment income due and accrued	217,783		217,783	85,243
15.	Premiums and considerations:				
15.1	Uncollected premiums and agents' balances in the course of collection	590,986		590,986	204,611
15.2	Deferred premiums, agents' balances and installments booked but deferred and not yet due (Including \$.....0 earned but unbilled premiums)				
15.3	Accrued retrospective premiums (\$.....0) and contracts subject to redetermination (\$.....0)				
16.	Reinsurance:				
16.1	Amounts recoverable from reinsurers	1,212,301		1,212,301	1,230,859
16.2	Funds held by or deposited with reinsured companies				
16.3	Other amounts receivable under reinsurance contracts				
17.	Amounts receivable relating to uninsured plans	3,042,000		3,042,000	561,000
18.1	Current federal and foreign income tax recoverable and interest thereon	1,160,014		1,160,014	311,668
18.2	Net deferred tax asset	3,457,415	557,810	2,899,605	1,978,598
19.	Guaranty funds receivable or on deposit				
20.	Electronic data processing equipment and software	550,993	550,993		
21.	Furniture and equipment, including health care delivery assets (\$.....0)	15,672	15,672		
22.	Net adjustment in assets and liabilities due to foreign exchange rates				
23.	Receivables from parent, subsidiaries and affiliates				
24.	Health care (\$.....3,668,052) and other amounts receivable	8,947,788		8,947,788	7,327,072
25.	Aggregate write-ins for other than invested assets	869,526	869,526	0	
26.	TOTAL Assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	182,619,296	1,994,002	180,625,294	101,372,343
27.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28.	TOTAL (Lines 26 and 27)	182,619,296	1,994,002	180,625,294	101,372,343
DETAILS OF WRITE-INS					
1101.	.....			
1102.	.....			
1103.	.....			
1198.	Summary of remaining write-ins for Line 11 from overflow page				
1199.	TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above)				
2501.	Prepaid Assets	869,526	869,526	0	
2502.	.....			
2503.	.....			
2598.	Summary of remaining write-ins for Line 25 from overflow page				
2599.	TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)	869,526	869,526	0	

LIABILITIES, CAPITAL AND SURPLUS

		Current Year			Prior Year
		1 Covered	2 Uncovered	3 Total	4 Total
1.	Claims unpaid (less \$.....0 reinsurance ceded)	74,415,625		74,415,625	51,766,525
2.	Accrued medical incentive pool and bonus amounts	2,615,681		2,615,681	596,781
3.	Unpaid claims adjustment expenses	1,863,283		1,863,283	994,586
4.	Aggregate health policy reserves, including the liability of \$.....0 for medical loss ratio rebate per the Public Health Service Act				
5.	Aggregate life policy reserves				
6.	Property/casualty unearned premium reserves				
7.	Aggregate health claim reserves				
8.	Premiums received in advance	6,950,330		6,950,330	
9.	General expenses due or accrued	4,049,755		4,049,755	3,811,492
10.1	Current federal and foreign income tax payable and interest thereon (including \$.....0 on realized capital gains (losses))				
10.2	Net deferred tax liability				
11.	Ceded reinsurance premiums payable				
12.	Amounts withheld or retained for the account of others				
13.	Remittances and items not allocated				
14.	Borrowed money (including \$.....0 current) and interest thereon \$.....0 (including \$.....0 current)				
15.	Amounts due to parent, subsidiaries and affiliates	1,075,253		1,075,253	243,726
16.	Derivatives				
17.	Payable for securities	527,592		527,592	
18.	Payable for securities lending				
19.	Funds held under reinsurance treaties (with \$.....0 authorized reinsurers, \$.....0 unauthorized reinsurers and \$.....0 certified reinsurers)				
20.	Reinsurance in unauthorized and certified (\$.....0) companies				
21.	Net adjustments in assets and liabilities due to foreign exchange rates				
22.	Liability for amounts held under uninsured plans				
23.	Aggregate write-ins for other liabilities (including \$.....0 current)	31,765,207		31,765,207	4,198,575
24.	TOTAL Liabilities (Lines 1 to 23)	123,262,725		123,262,725	61,611,684
25.	Aggregate write-ins for special surplus funds	X X X	X X X		7,428,831
26.	Common capital stock	X X X	X X X	186,230	186,230
27.	Preferred capital stock	X X X	X X X		
28.	Gross paid in and contributed surplus	X X X	X X X	33,770	33,770
29.	Surplus notes	X X X	X X X		
30.	Aggregate write-ins for other than special surplus funds	X X X	X X X		
31.	Unassigned funds (surplus)	X X X	X X X	57,142,569	32,111,828
32.	Less treasury stock, at cost:				
32.1	.....0 shares common (value included in Line 26 \$.....0)	X X X	X X X		
32.2	.....0 shares preferred (value included in Line 27 \$.....0)	X X X	X X X		
33.	TOTAL Capital and Surplus (Lines 25 to 31 minus Line 32)	X X X	X X X	57,362,569	39,760,659
34.	TOTAL Liabilities, Capital and Surplus (Lines 24 and 33)	X X X	X X X	180,625,294	101,372,343
DETAILS OF WRITE-INS					
2301.	Liability - State Tax Refunds	4,468,882		4,468,882	4,198,575
2302.	Unearned Proceeds from Membership Transfer	27,296,325		27,296,325	
2303.	.....			
2398.	Summary of remaining write-ins for Line 23 from overflow page				
2399.	TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above)	31,765,207		31,765,207	4,198,575
2501.	Health Insurance Providers Fee 2015 Reserve	X X X	X X X		7,428,831
2502.	.....	X X X	X X X		
2503.	.....	X X X	X X X		
2598.	Summary of remaining write-ins for Line 25 from overflow page	X X X	X X X		
2599.	TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)	X X X	X X X		7,428,831
3001.	.....	X X X	X X X		
3002.	.....	X X X	X X X		
3003.	.....	X X X	X X X		
3098.	Summary of remaining write-ins for Line 30 from overflow page	X X X	X X X		
3099.	TOTALS (Lines 3001 through 3003 plus 3098) (Line 30 above)	X X X	X X X		

STATEMENT OF REVENUE AND EXPENSES

		Current Year		Prior Year
		1 Uncovered	2 Total	3 Total
1.	Member Months	X X X	1,170,468	1,061,706
2.	Net premium income (including \$.....0 non-health premium income)	X X X	502,842,558	382,134,464
3.	Change in unearned premium reserves and reserve for rate credits	X X X		
4.	Fee-for-service (net of \$.....0 medical expenses)	X X X		
5.	Risk revenue	X X X		
6.	Aggregate write-ins for other health care related revenues	X X X	(923,926)	(434,264)
7.	Aggregate write-ins for other non-health revenues	X X X		
8.	TOTAL Revenues (Lines 2 to 7)	X X X	501,918,633	381,700,201
Hospital and Medical:				
9.	Hospital/medical benefits		257,456,660	218,505,518
10.	Other professional services		51,132,953	24,181,032
11.	Outside referrals		6,365,342	4,166,467
12.	Emergency room and out-of-area		27,680,144	21,846,747
13.	Prescription drugs		57,441,113	41,426,226
14.	Aggregate write-ins for other hospital and medical			
15.	Incentive pool, withhold adjustments and bonus amounts		4,944,855	2,457,700
16.	Subtotal (Lines 9 to 15)		405,021,067	312,583,690
Less:				
17.	Net reinsurance recoveries		1,250,564	2,078,083
18.	TOTAL Hospital and Medical (Lines 16 minus 17)		403,770,503	310,505,608
19.	Non-health claims (net)			
20.	Claims adjustment expenses, including \$.....3,014,404 cost containment expenses		6,077,398	4,201,271
21.	General administrative expenses		49,048,806	37,430,526
22.	Increase in reserves for life and accident and health contracts (including \$.....0 increase in reserves for life only)			
23.	TOTAL Underwriting Deductions (Lines 18 through 22)		458,896,706	352,137,405
24.	Net underwriting gain or (loss) (Lines 8 minus 23)	X X X	43,021,926	29,562,796
25.	Net investment income earned (Exhibit of Net Investment Income, Line 17)		452,138	210,701
26.	Net realized capital gains (losses) less capital gains tax of \$.....0		(43,728)	(7,595)
27.	Net investment gains (losses) (Lines 25 plus 26)		408,409	203,106
28.	Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$.....0) (amount charged off \$.....0)]			
29.	Aggregate write-ins for other income or expenses			
30.	Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	X X X	43,430,336	29,765,901
31.	Federal and foreign income taxes incurred	X X X	15,946,981	10,635,829
32.	Net income (loss) (Lines 30 minus 31)	X X X	27,483,354	19,130,072
DETAILS OF WRITE-INS				
0601.	Revenue-Other	X X X		365,152
0602.	Management Fee Income	X X X	172,249	419,327
0603.	Child & Adolescent Health Center Fee	X X X	(1,096,174)	(1,218,742)
0698.	Summary of remaining write-ins for Line 6 from overflow page	X X X		
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)	X X X	(923,926)	(434,264)
0701.	.....	X X X		
0702.	.....	X X X		
0703.	.....	X X X		
0798.	Summary of remaining write-ins for Line 7 from overflow page	X X X		
0799.	TOTALS (Line 0701 through 0703 plus 0798) (Line 7 above)	X X X		
1401.	.....		
1402.	.....		
1403.	.....		
1498.	Summary of remaining write-ins for Line 14 from overflow page			
1499.	TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above)			
2901.	.....		
2902.	.....		
2903.	.....		
2998.	Summary of remaining write-ins for Line 29 from overflow page			
2999.	TOTALS (Line 2901 through 2903 plus 2998) (Line 29 above)			

STATEMENT OF REVENUE AND EXPENSES (Continued)

		1	2
		Current Year	Prior Year
CAPITAL & SURPLUS ACCOUNT			
33.	Capital and surplus prior reporting year	39,760,659	31,400,581
34.	Net income or (loss) from Line 32	27,483,354	19,130,072
35.	Change in valuation basis of aggregate policy and claim reserves		
36.	Change in net unrealized capital gains (losses) less capital gains tax of \$.....0		
37.	Change in net unrealized foreign exchange capital gain or (loss)		
38.	Change in net deferred income tax	850,000	(1,804,879)
39.	Change in nonadmitted assets	(164,431)	473,883
40.	Change in unauthorized and certified reinsurance		
41.	Change in treasury stock		
42.	Change in surplus notes		
43.	Cumulative effect of changes in accounting principles		
44.	Capital Changes:		
44.1	Paid in		
44.2	Transferred from surplus (Stock Dividend)		
44.3	Transferred to surplus		
45.	Surplus adjustments:		
45.1	Paid in		
45.2	Transferred to capital (Stock Dividend)		
45.3	Transferred from capital		
46.	Dividends to stockholders	(10,000,000)	(9,439,000)
47.	Aggregate write-ins for gains or (losses) in surplus	(567,014)	
48.	Net change in capital and surplus (Lines 34 to 47)	17,601,910	8,360,077
49.	Capital and surplus end of reporting year (Line 33 plus 48)	57,362,569	39,760,659
DETAILS OF WRITE-INS			
4701.	Correction of Immaterial Error - State Tax	(902,094)	
4702.	Correction of Immaterial Error - Tax	335,081	
4703.	.....	
4798.	Summary of remaining write-ins for Line 47 from overflow page		
4799.	TOTALS (Lines 4701 through 4703 plus 4798) (Line 47 above)	(567,014)	

CASH FLOW

		1	2
		Current Year	Prior Year
Cash from Operations			
1.	Premiums collected net of reinsurance	509,406,513	381,929,854
2.	Net investment income	695,155	275,563
3.	Miscellaneous income	(923,919)	(434,264)
4.	TOTAL (Lines 1 through 3)	509,177,750	381,771,153
5.	Benefit and loss related payments	379,083,944	297,077,947
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7.	Commissions, expenses paid and aggregate write-ins for deductions	56,142,177	40,324,974
8.	Dividends paid to policyholders		
9.	Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses)	16,795,327	10,900,000
10.	TOTAL (Lines 5 through 9)	452,021,448	348,302,921
11.	Net cash from operations (Line 4 minus Line 10)	57,156,301	33,468,231
Cash from Investments			
12.	Proceeds from investments sold, matured or repaid:		
12.1	Bonds	28,524,835	17,333,984
12.2	Stocks		
12.3	Mortgage loans		
12.4	Real estate		
12.5	Other invested assets		
12.6	Net gains or (losses) on cash, cash equivalents and short-term investments		
12.7	Miscellaneous proceeds	527,718	
12.8	TOTAL Investment proceeds (Lines 12.1 to 12.7)	29,052,553	17,333,984
13.	Cost of investments acquired (long-term only):		
13.1	Bonds	49,156,377	32,363,889
13.2	Stocks		
13.3	Mortgage loans		
13.4	Real estate		
13.5	Other invested assets		
13.6	Miscellaneous applications	0	25
13.7	TOTAL Investments acquired (Lines 13.1 to 13.6)	49,156,378	32,363,914
14.	Net increase (decrease) in contract loans and premium notes		
15.	Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	(20,103,825)	(15,029,930)
Cash from Financing and Miscellaneous Sources			
16.	Cash provided (applied):		
16.1	Surplus notes, capital notes		
16.2	Capital and paid in surplus, less treasury stock		
16.3	Borrowed funds		
16.4	Net deposits on deposit-type contracts and other insurance liabilities		
16.5	Dividends to stockholders	10,000,000	9,439,000
16.6	Other cash provided (applied)	25,616,917	(10,478,640)
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	15,616,917	(19,917,640)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS			
18.	Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	52,669,394	(1,479,339)
19.	Cash, cash equivalents and short-term investments:		
19.1	Beginning of year	73,752,836	75,232,175
19.2	End of year (Line 18 plus Line 19.1)	126,422,230	73,752,836

Note: Supplemental Disclosures of Cash Flow Information for Non-Cash Transactions:

20.0001		
---------	-------	--	--

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

		1	2	3	4	5	6	7	8	9	10
		Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1.	Net premium income	502,842,558	3,332,547					54,380,125	445,129,886		
2.	Change in unearned premium reserves and reserve for rate credit										
3.	Fee-for-service (net of \$.....0 medical expenses)										X X X
4.	Risk revenue										X X X
5.	Aggregate write-ins for other health care related revenues	(923,926)							(923,926)		X X X
6.	Aggregate write-ins for other non-health care related revenues		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
7.	TOTAL Revenues (Lines 1 to 6)	501,918,633	3,332,547					54,380,125	444,205,961		
8.	Hospital/medical benefits	257,456,660	1,409,576					22,877,001	233,170,083		X X X
9.	Other professional services	51,132,953	165,499					13,013,737	37,953,717		X X X
10.	Outside referrals	6,365,342	30,239					383,085	5,952,019		X X X
11.	Emergency room and out-of-area	27,680,144	168,993					4,125,233	23,385,918		X X X
12.	Prescription drugs	57,441,113	422,824					6,280,534	50,737,754		X X X
13.	Aggregate write-ins for other hospital and medical										X X X
14.	Incentive pool, withhold adjustments and bonus amounts	4,944,855	125,263					585,066	4,234,526		X X X
15.	Subtotal (Lines 8 to 14)	405,021,067	2,322,395					47,264,656	355,434,016		X X X
16.	Net reinsurance recoveries	1,250,564	5,641					174,917	1,070,006		X X X
17.	TOTAL Hospital and Medical (Lines 15 minus 16)	403,770,503	2,316,753					47,089,739	354,364,010		X X X
18.	Non-health claims (net)		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
19.	Claims adjustment expenses including \$.....3,014,404 cost containment expenses	6,077,398	83,853					1,977,294	4,016,251		
20.	General administrative expenses	49,048,806	431,277					6,340,877	42,276,651		
21.	Increase in reserves for accident and health contracts										X X X
22.	Increase in reserves for life contracts		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
23.	TOTAL Underwriting Deductions (Lines 17 to 22)	458,896,706	2,831,883					55,407,910	400,656,913		
24.	Net underwriting gain or (loss) (Line 7 minus Line 23)	43,021,926	500,663					(1,027,785)	43,549,048		
DETAILS OF WRITE-INS											
0501.	Revenue - Other										X X X
0502.	Management Fee Income - Related Party	172,249							172,249		X X X
0503.	Child & Adolescent Health Center Fee	(1,096,174)							(1,096,174)		X X X
0598.	Summary of remaining write-ins for Line 5 from overflow page										X X X
0599.	TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above)	(923,926)							(923,926)		X X X
0601.	.....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0602.	.....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0603.	.....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0698.	Summary of remaining write-ins for Line 6 from overflow page		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
1301.	.....										X X X
1302.	.....										X X X
1303.	.....										X X X
1398.	Summary of remaining write-ins for Line 13 from overflow page										X X X
1399.	TOTALS (Lines 1301 through 1303 plus 1398) (Line 13 above)										X X X

UNDERWRITING AND INVESTMENT EXHIBIT
PART 1 - PREMIUMS

		1	2	3	4
Line of Business		Direct Business	Reinsurance Assumed	Reinsurance Ceded	Net Premium Income (Columns 1 + 2 - 3)
1.	Comprehensive (hospital and medical)	3,350,687		18,141	3,332,547
2.	Medicare Supplement				
3.	Dental only				
4.	Vision only				
5.	Federal Employees Health Benefits Plan				
6.	Title XVIII - Medicare	54,708,632		328,507	54,380,125
7.	Title XIX - Medicaid	446,842,345		1,712,459	445,129,886
8.	Other health				
9.	Health subtotal (Lines 1 through 8)	504,901,665		2,059,106	502,842,558
10.	Life				
11.	Property/casualty				
12.	TOTALS (Lines 9 to 11)	504,901,665		2,059,106	502,842,558

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2 - CLAIMS INCURRED DURING THE YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Payments during the year:										
1.1 Direct	379,455,030	2,202,159					35,689,070	341,563,801		
1.2 Reinsurance assumed										
1.3 Reinsurance ceded	1,275,274						24,941	1,250,332		
1.4 Net	378,179,756	2,202,159					35,664,128	340,313,469		
2. Paid medical incentive pools and bonuses	2,925,955	33,690					81,996	2,810,268		
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	74,415,625	427,658					15,263,837	58,724,130		
3.2 Reinsurance assumed										
3.3 Reinsurance ceded										
3.4 Net	74,415,625	427,658					15,263,837	58,724,130		
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct										
4.2 Reinsurance assumed										
4.3 Reinsurance ceded										
4.4 Net										
5. Accrued medical incentive pools and bonuses, current year	2,615,680	94,578					505,683	2,015,419		
6. Net healthcare receivables (a)	2,027,919	4,809					1,698,720	324,390		
7. Amounts recoverable from reinsurers December 31, current year ..	1,212,301	5,641					174,917	1,031,743		
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	51,766,525	427,876					2,574,597	48,764,051		
8.2 Reinsurance assumed										
8.3 Reinsurance ceded										
8.4 Net	51,766,525	427,876					2,574,597	48,764,051		
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct										
9.2 Reinsurance assumed										
9.3 Reinsurance ceded										
9.4 Net										
10. Accrued medical incentive pools and bonuses, prior year	596,781	3,005					2,614	591,162		
11. Amounts recoverable from reinsurers December 31, prior year	1,230,859						133,557	1,097,302		
12. Incurred benefits:										
12.1 Direct	400,076,212	2,197,132					46,679,590	351,199,490		
12.2 Reinsurance assumed										
12.3 Reinsurance ceded	1,256,716	5,641					66,302	1,184,773		
12.4 Net	398,819,496	2,191,490					46,613,288	350,014,717		
13. Incurred medical incentive pools and bonuses	4,944,854	125,263					585,066	4,234,526		

(a) Excludes \$.....0 loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Compre- hensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Reported in Process of Adjustment:										
1.1 Direct	23,042,349	20,115					(133,844)	23,156,077		
1.2 Reinsurance assumed										
1.3 Reinsurance ceded										
1.4 Net	23,042,349	20,115					(133,844)	23,156,077		
2. Incurred but Unreported:										
2.1 Direct	51,223,554	407,543					15,247,958	35,568,053		
2.2 Reinsurance assumed										
2.3 Reinsurance ceded										
2.4 Net	51,223,554	407,543					15,247,958	35,568,053		
3. Amounts Withheld from Paid Claims and Capitations:										
3.1 Direct	149,723						149,723			
3.2 Reinsurance assumed										
3.3 Reinsurance ceded										
3.4 Net	149,723						149,723			
4. TOTALS										
4.1 Direct	74,415,625	427,658					15,263,837	58,724,130		
4.2 Reinsurance assumed										
4.3 Reinsurance ceded										
4.4 Net	74,415,625	427,658					15,263,837	58,724,130		

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2B - ANALYSIS OF CLAIMS UNPAID-PRIOR YEAR-NET OF REINSURANCE

		Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5	6
		1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year	Claims Incurred in Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
Line of Business							
1.	Comprehensive (hospital and medical)	205,019	1,991,499	17,858	409,800	222,876	427,876
2.	Medicare Supplement						
3.	Dental only						
4.	Vision only						
5.	Federal Employees Health Benefits Plan						
6.	Title XVIII - Medicare	1,709,121	33,805,165	60,476	15,203,361	1,769,597	2,574,597
7.	Title XIX - Medicaid	37,263,198	303,230,598	349,327	58,374,803	37,612,525	48,764,051
8.	Other health						
9.	Health subtotal (Lines 1 to 8)	39,177,338	339,027,262	427,661	73,987,964	39,604,999	51,766,525
10.	Healthcare receivables (a)		2,028,052				
11.	Other non-health						
12.	Medical incentive pool and bonus amounts	673,256	2,252,699		2,615,681	673,256	596,781
13.	TOTALS (Lines 9 - 10 + 11 + 12)	39,850,594	339,251,908	427,661	76,603,645	40,278,255	52,363,305

(a) Excludes \$.00 loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Grand Total

Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2011	2 2012	3 2013	4 2014	5 2015
1.	Prior	960,308	960,410	960,410	960,410	960,410
2.	2011	190,686	213,813	214,469	214,458	214,455
3.	2012	X X X	210,542	246,309	246,347	246,341
4.	2013	X X X	X X X	224,948	259,650	259,908
5.	2014	X X X	X X X	X X X	258,597	298,198
6.	2015	X X X	X X X	X X X	X X X	341,249

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2011	2 2012	3 2013	4 2014	5 2015
1.	Prior	25,435	24,678	24,713	24,713	960,410
2.	2011	218,024	214,633	214,469	214,458	214,455
3.	2012	X X X	242,448	247,035	246,347	246,341
4.	2013	X X X	X X X	262,158	260,550	259,908
5.	2014	X X X	X X X	X X X	310,059	298,625
6.	2015	X X X	X X X	X X X	X X X	417,852

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1.	2011	265,693	214,455			214,455	80.715			214,455	80.715
2.	2012	274,497	246,341			246,341	89.742			246,341	89.742
3.	2013	294,580	259,908			259,908	88.230	0		259,908	88.230
4.	2014	383,496	298,198			298,198	77.758	427		298,625	77.869
5.	2015	504,902	341,249			341,249	67.587	76,604	1,863	419,716	83.128

12 Total

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Hospital and Medical
Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2011	2 2012	3 2013	4 2014	5 2015
1.	Prior					
2.	2011	82	134	133	133	133
3.	2012	X X X	330	377	378	378
4.	2013	X X X	X X X	628	799	799
5.	2014	X X X	X X X	X X X	1,500	1,707
6.	2015	X X X	X X X	X X X	X X X	1,992

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2011	2 2012	3 2013	4 2014	5 2015
1.	Prior					
2.	2011	97	137	133	133	133
3.	2012	X X X	423	386	378	378
4.	2013	X X X	X X X	912	810	800
5.	2014	X X X	X X X	X X X	1,916	1,725
6.	2015	X X X	X X X	X X X	X X X	2,496

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1.	2011	204	133			133	65.317			133	65.317
2.	2012	639	378			378	59.069			378	59.069
3.	2013	1,481	799			799	53.946	0		800	53.976
4.	2014	3,246	1,707			1,707	52.603	17		1,725	53.139
5.	2015	3,351	1,992			1,992	59.436	504		2,496	74.489

- 12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Medicare Supplement NONE
- 12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Medicare Supplement . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Medicare Supplement . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Dental Only NONE
- 12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Dental Only NONE
- 12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Dental Only NONE
- 12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Vision Only NONE
- 12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Vision Only NONE
- 12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Vision Only NONE
- 12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Fed Emp HBPP NONE
- 12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Fed Emp HBPP NONE
- 12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Fed Emp HBPP NONE

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Title XVIII - Medicare

Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2011	2 2012	3 2013	4 2014	5 2015
1.	Prior	537	546	546	546	546
2.	2011	3,419	3,962	3,949	3,949	3,949
3.	2012	X X X	4,729	5,995	6,026	6,026
4.	2013	X X X	X X X	7,296	8,485	8,485
5.	2014	X X X	X X X	X X X	10,086	11,800
6.	2015	X X X	X X X	X X X	X X X	33,882

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2011	2 2012	3 2013	4 2014	5 2015
1.	Prior	629	546	546	546	546
2.	2011	3,950	4,030	3,949	3,949	3,949
3.	2012	X X X	5,958	6,042	6,026	6,026
4.	2013	X X X	X X X	8,908	8,606	8,485
5.	2014	X X X	X X X	X X X	12,540	11,861
6.	2015	X X X	X X X	X X X	X X X	49,591

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1.	2011	5,615	3,949			3,949	70.334			3,949	70.334
2.	2012	8,182	6,026			6,026	73.645			6,026	73.645
3.	2013	9,317	8,485			8,485	91.074			8,485	91.074
4.	2014	12,741	11,800			11,800	92.613	60		11,861	93.088
5.	2015	54,709	33,882			33,882	61.932	15,709	500	50,091	91.560

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Title XIX - Medicaid

Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2011	2 2012	3 2013	4 2014	5 2015
1.	Prior	959,771	959,864	959,864	959,864	959,864
2.	2011	187,186	209,716	210,387	210,375	210,372
3.	2012	X X X	205,483	239,937	239,943	239,937
4.	2013	X X X	X X X	217,024	250,366	250,623
5.	2014	X X X	X X X	X X X	247,011	284,691
6.	2015	X X X	X X X	X X X	X X X	305,375

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2011	2 2012	3 2013	4 2014	5 2015
1.	Prior	24,806	24,132	24,167	24,167	959,864
2.	2011	213,978	210,466	210,387	210,375	210,372
3.	2012	X X X	236,067	240,607	239,943	239,937
4.	2013	X X X	X X X	252,338	251,134	250,623
5.	2014	X X X	X X X	X X X	295,604	285,040
6.	2015	X X X	X X X	X X X	X X X	365,766

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1.	2011	259,873	210,372			210,372	80.952			210,372	80.952
2.	2012	265,676	239,937			239,937	90.312			239,937	90.312
3.	2013	283,782	250,623			250,623	88.315			250,623	88.315
4.	2014	367,509	284,691			284,691	77.465	349		285,040	77.560
5.	2015	446,842	305,375			305,375	68.341	60,390	1,363	367,129	82.161

12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Other NONE

12 Underwriting Invest Exh Pt 2C Sn B - Incur Claims - Other NONE

12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Other NONE

13 Underwriting Invest Exh Pt 2D - A & H Reserve NONE

UNDERWRITING AND INVESTMENT EXHIBIT
PART 3 - ANALYSIS OF EXPENSES

		Claim Adjustment Expenses		3	4	5
		1	2			
		Cost Containment Expenses	Other Claim Adjustment Expenses	General Administrative Expenses	Investment Expenses	Total
1.	Rent (\$.....0 for occupancy of own building)		452,593	532,593		985,186
2.	Salaries, wages and other benefits	2,724,316	593,709	11,282,084		14,600,109
3.	Commissions (less \$.....0 ceded plus \$.....0 assumed)					
4.	Legal fees and expenses			280,336		280,336
5.	Certifications and accreditation fees		14,725	132,525		147,250
6.	Auditing, actuarial and other consulting services		176,585	702,925		879,509
7.	Traveling expenses	6,200	6,188	200,263		212,651
8.	Marketing and advertising	121,258	25,000	678,089		824,347
9.	Postage, express and telephone		120,733	397,529		518,262
10.	Printing and office supplies		21,008	70,332		91,340
11.	Occupancy, depreciation and amortization			97,062		97,062
12.	Equipment					
13.	Cost or depreciation of EDP equipment and software		395,397	1,161,211		1,556,608
14.	Outsourced services including EDP, claims, and other services		891,235	4,060,071		4,951,306
15.	Boards, bureaus and association fees					
16.	Insurance, except on real estate		2,398	9,824		12,222
17.	Collection and bank service charges			29,650	52,508	82,158
18.	Group service and administration fees					
19.	Reimbursements by uninsured plans					
20.	Reimbursements from fiscal intermediaries					
21.	Real estate expenses					
22.	Real estate taxes			18,913		18,913
23.	Taxes, licenses and fees:					
23.1	State and local insurance taxes			28,913,142		28,913,142
23.2	State premium taxes					
23.3	Regulatory authority licenses and fees			275,272		275,272
23.4	Payroll taxes	162,629	363,424	206,983		733,036
23.5	Other (excluding federal income and real estate taxes)					
24.	Investment expenses not included elsewhere					
25.	Aggregate write-ins for expenses					
26.	TOTAL Expenses Incurred (Lines 1 to 25)	3,014,404	3,062,995	49,048,806	52,508	(a) 55,178,712
27.	Less expenses unpaid December 31, current year			4,049,755		4,049,755
28.	Add expenses unpaid December 31, prior year			3,811,492		3,811,492
29.	Amounts receivable relating to uninsured plans, prior year					
30.	Amounts receivable relating to uninsured plans, current year					
31.	TOTAL Expenses Paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	3,014,404	3,062,995	48,810,543	52,508	54,940,449
DETAILS OF WRITE-INS						
2501.	.....				
2502.	.....				
2503.	.....				
2598.	Summary of remaining write-ins for Line 25 from overflow page					
2599.	TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)					

(a) Includes management fees of \$.....1,446,976 to affiliates and \$.....0 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1	2
		Collected During Year	Earned During Year
1.	U.S. Government bonds	(a)..... 105,943	..... 119,034
1.1	Bonds exempt from U.S. tax	(a).....	.....
1.2	Other bonds (unaffiliated)	(a)..... 244,517	..... 358,080
1.3	Bonds of affiliates	(a).....	.....
2.1	Preferred stocks (unaffiliated)	(b).....	.....
2.11	Preferred stocks of affiliates	(b).....	.....
2.2	Common stocks (unaffiliated) .....	.....	.....
2.21	Common stocks of affiliates .....	.....	.....
3.	Mortgage loans	(c).....	.....
4.	Real estate	(d).....	.....
5.	Contract loans .....	.....	.....
6.	Cash, cash equivalents and short-term investments	(e)..... 24,977	..... 27,532
7.	Derivative instruments	(f).....	.....
8.	Other invested assets .....	.....	.....
9.	Aggregate write-ins for investment income .....	.....	.....
10.	TOTAL Gross investment income .....	..... 375,437	..... 504,646
11.	Investment expenses		(g)..... 52,508
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g).....
13.	Interest expense		(h).....
14.	Depreciation on real estate and other invested assets		(i).....
15.	Aggregate write-ins for deductions from investment income .....		.....
16.	TOTAL Deductions (Lines 11 through 15) .....		..... 52,508
17.	Net Investment income (Line 10 minus Line 16) .....		..... 452,138
DETAILS OF WRITE-INS			
0901.	.....	.....	.....
0902.	.....	.....	.....
0903.	.....	.....	.....
0998.	Summary of remaining write-ins for Line 9 from overflow page .....	.....	.....
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9 above) .....	.....	.....
1501.	.....	.....	.....
1502.	.....	.....	.....
1503.	.....	.....	.....
1598.	Summary of remaining write-ins for Line 15 from overflow page .....	.....	.....
1599.	TOTALS (Lines 1501 through 1503 plus 1598) (Line 15 above) .....	.....	.....
(a) Includes \$.....8,510 accrual of discount less \$.....383,352 amortization of premium and less \$.....186,742 paid for accrued interest on purchases. (b) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued dividends on purchases. (c) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases. (d) Includes \$.....0 for company's occupancy of its own buildings; and excludes \$.....0 interest on encumbrances. (e) Includes \$.....4 accrual of discount less \$.....246 amortization of premium and less \$.....0 paid for accrued interest on purchases. (f) Includes \$.....0 accrual of discount less \$.....0 amortization of premium. (g) Includes \$.....0 investment expenses and \$.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts. (h) Includes \$.....0 interest on surplus notes and \$.....0 interest on capital notes. (i) Includes \$.....0 depreciation on real estate and \$.....0 depreciation on other invested assets.			

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1	2	3	4	5
		Realized Gain (Loss) on Sales or Maturity	Other Realized Adjustments	Total Realized Capital Gain (Loss) (Columns 1 + 2)	Change in Unrealized Capital Gain (Loss)	Change in Unrealized Foreign Exchange Capital Gain (Loss)
1.	U.S. Government bonds .....	..... 5,469	.....	..... 5,469	.....	.....
1.1	Bonds exempt from U.S. tax .....	.....	.....	.....	.....	.....
1.2	Other bonds (unaffiliated) .....	..... (49,323)	.....	..... (49,323)	.....	.....
1.3	Bonds of affiliates .....	.....	.....	.....	.....	.....
2.1	Preferred stocks (unaffiliated) .....	.....	.....	.....	.....	.....
2.11	Preferred stocks of affiliates .....	.....	.....	.....	.....	.....
2.2	Common stocks (unaffiliated) .....	.....	.....	.....	.....	.....
2.21	Common stocks of affiliates .....	.....	.....	.....	.....	.....
3.	Mortgage loans .....	.....	.....	.....	.....	.....
4.	Real estate .....	.....	.....	.....	.....	.....
5.	Contract loans .....	.....	.....	.....	.....	.....
6.	Cash, cash equivalents and short-term investments .....	..... 126	.....	..... 126	.....	.....
7.	Derivative instruments .....	.....	.....	.....	.....	.....
8.	Other invested assets .....	.....	.....	.....	.....	.....
9.	Aggregate write-ins for capital gains (losses) .....	.....	.....	.....	.....	.....
10.	TOTAL Capital gains (losses) .....	..... (43,728)	.....	..... (43,728)	.....	.....
DETAILS OF WRITE-INS						
0901.	.....	.....	.....	.....	.....	.....
0902.	.....	.....	.....	.....	.....	.....
0903.	.....	.....	.....	.....	.....	.....
0998.	Summary of remaining write-ins for Line 9 from overflow page ..	.....	.....	.....	.....	.....
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9 above) ..	.....	.....	.....	.....	.....

EXHIBIT OF NONADMITTED ASSETS

		1	2	3
		Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1.	Bonds (Schedule D)			
2.	Stocks (Schedule D):			
2.1	Preferred stocks			
2.2	Common stocks			
3.	Mortgage loans on real estate (Schedule B):			
3.1	First liens			
3.2	Other than first liens			
4.	Real estate (Schedule A):			
4.1	Properties occupied by the company			
4.2	Properties held for the production of income			
4.3	Properties held for sale			
5.	Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA)			
6.	Contract loans			
7.	Derivatives (Schedule DB)			
8.	Other invested assets (Schedule BA)			
9.	Receivables for securities			
10.	Securities lending reinvested collateral assets (Schedule DL)			
11.	Aggregate write-ins for invested assets			
12.	Subtotals, cash and invested assets (Lines 1 to 11)			
13.	Title plants (for Title insurers only)			
14.	Invested income due and accrued			
15.	Premium and considerations:			
15.1	Uncollected premiums and agents' balances in the course of collection			
15.2	Deferred premiums, agents' balances and installments booked but deferred and not yet due			
15.3	Accrued retrospective premiums and contracts subject to redetermination			
16.	Reinsurance:			
16.1	Amounts recoverable from reinsurers			
16.2	Funds held by or deposited with reinsured companies			
16.3	Other amounts receivable under reinsurance contracts			
17.	Amounts receivable relating to uninsured plans			
18.1	Current federal and foreign income tax recoverable and interest thereon			
18.2	Net deferred tax asset	557,810	628,817	71,007
19.	Guaranty funds receivable or on deposit			
20.	Electronic data processing equipment and software	550,993	383,690	(167,303)
21.	Furniture and equipment, including health care delivery assets	15,672	97,651	81,978
22.	Net adjustment in assets and liabilities due to foreign exchange rates			
23.	Receivables from parent, subsidiaries and affiliates			
24.	Health care and other amounts receivable			
25.	Aggregate write-ins for other than invested assets	869,526	719,413	(150,113)
26.	TOTAL Assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	1,994,002	1,829,571	(164,431)
27.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
28.	TOTAL (Lines 26 and 27)	1,994,002	1,829,571	(164,431)
DETAILS OF WRITE-INS				
1101.	.....		
1102.	.....		
1103.	.....		
1198.	Summary of remaining write-ins for Line 11 from overflow page			
1199.	TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above)			
2501.	Prepaid Assets	869,526	719,413	(150,113)
2502.	.....		
2503.	.....		
2598.	Summary of remaining write-ins for Line 25 from overflow page			
2599.	TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)	869,526	719,413	(150,113)

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment		Total Members at End of					6
		1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	Current Year Member Months
1.	Health Maintenance Organizations	94,408	98,987	99,281	97,313	94,119	1,170,468
2.	Provider Service Organizations						
3.	Preferred Provider Organizations						
4.	Point of Service						
5.	Indemnity Only						
6.	Aggregate write-ins for other lines of business						
7.	TOTAL	94,408	98,987	99,281	97,313	94,119	1,170,468
DETAILS OF WRITE-INS							
0601.	.....					
0602.	.....					
0603.	.....					
0698.	Summary of remaining write-ins for Line 6 from overflow page						
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)						

Notes to Financial Statements

1. Summary of Significant Accounting Policies

A. Accounting Practices

The accompanying financial statements of HAP Midwest Health Plan, Inc. (Plan) have been prepared in accordance with the NAIC *Accounting Practices and Procedures Manual (NAPPM)* and the NAIC Annual Statement Instructions (NASI) to the extent that these accounting practices, procedures and reporting standards are not modified by accounting practices prescribed or permitted by the State of Michigan Department of Insurance and Financial Services (DIFS).

DIFS recognizes only statutory accounting practices prescribed or permitted by the State of Michigan for determining the financial condition and results of operation of an insurance company. The *NAPPM* has been adopted as a component of prescribed or permitted practices by DIFS.

A reconciliation of the Plan's net income and capital and surplus between NAIC SAP and practices prescribed and permitted by the State of Michigan is shown below:

NET INCOME	State of Domicile	2015	2014
(1) MHP State Basis (Page 4, Line 32, Columns 2 & 3)	Michigan	\$27,483,354	\$19,130,073
(2) State Prescribed Practices that increase/(decrease) NAIC SAP: NONE	Michigan		
(3) State Permitted Practices that increase/(decrease) NAIC SAP: NONE	Michigan		
(4) NAIC SAP (1-2-3=4)	Michigan	<u>\$27,483,354</u>	<u>\$19,130,073</u>
SURPLUS			
(5) MHP State Basis (Page 3, Line 33, Columns 3&4)	Michigan	\$57,362,569	\$39,760,659
(6) State Prescribed Practices that increase/(decrease) NAIC SAP: NONE	Michigan		
(7) State Permitted Practices that increase/(decrease) NAIC SAP: NONE	Michigan		
(8) NAIC SAP (5-6-7=8)	Michigan	<u>\$57,362,569</u>	<u>\$39,760,659</u>

Financial statements prepared on the statutory basis vary in some respects from those prepared in accordance with accounting principles generally accepted in the United States of America (GAAP), and in some cases, those differences may be material. The significant accounting principles, as outlined above, were followed in the preparation of the statutory basis financial statements. Had the financial statements been prepared in accordance with the accounting principles generally accepted in the United States of America, the following differences would have been noted:

- Certain assets are "non-admitted" and are charged against surplus, such as prepaid expenses, electronic data processing equipment and software, furniture and deferred tax assets.
- Purchase Price Accounting (Goodwill and Other Intangibles) Assets, amortization and associated Deferred Taxes are recorded on the acquired company's GAAP financial statements. Our parent corporation, HAP, has accounted for its investment in the Plan in accordance with Statement of Statutory Accounting Principles (SSAP) No 68, *Business Combinations and Goodwill*.
- Deferred income taxes are admitted in accordance with Statement of Statutory Accounting Principle (SSAP) No. 101, Income Taxes, a Replacement of SSAP No. 10R and SSAP No. 10 effective January 1, 2012. Changes in deferred income taxes are credited or charged directly to unassigned surplus as opposed to income tax expense.
- The classification of items included in the Statements of Cash Flows - statutory basis differs from GAAP.
- The disclosures required by the statutory basis differ from GAAP.

B. Use of Estimates

The preparation of financial statements in conformity with accounting practices prescribed or permitted by DIFS require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

C. Accounting Policy

The Plan operates under a capitated Medicaid contract and a MiChild contract with the Michigan Department of Community Health (MDCH). In addition, the Plan has a contract with the Centers for Medicare and Medicaid Services (CMS) for Medicare beneficiaries. For the years ended December 31, 2015 and 2014, these contracts provided the majority of the Plan's operating revenues. Revenue is recognized during the month in which coverage for enrolled members is in effect. Amounts receivable or payable as a result of the contract reconciliation process are recorded in the year known or a reasonable estimate is determinable.

1. Short-term investments are stated at amortized cost. Cash Equivalents have been accounted for in accordance with SSAP No. 2. All highly liquid investments with original maturities of three months or less are classified as cash equivalents.
2. Bonds not backed by other loans- are stated at amortized cost or the lower of fair value or amortized cost based on the NAIC designation of the underlying security.

Notes to Financial Statements

- 3. Common Stocks – Not applicable
- 4. Preferred Stocks – Not applicable
- 5. Mortgage Loans – Not applicable
- 6. Loan –backed securities – Loan backed securities are stated at amortized cost or lower of amortized cost or fair value based on the NAIC designation of the underlying security unless prescribed otherwise by the NAIC. The retrospective method is used to value all securities. Amortized cost is determined utilizing the scientific interest method.
- 7. Investments in Subsidiaries, controlled and affiliated companies – Not applicable
- 8. Investments in Joint Ventures, partnerships and limited liability companies – Not applicable
- 9. Derivatives – Not applicable
- 10. The Company was not required to record a premium deficiency reserve at December 31, 2015.
- 11. The Plan’s method of estimating liabilities for unpaid medical claims are based on past experience, for claims incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liabilities are continually reviewed and any adjustments are reflected in the period determined.
- 12. Capitalization policy – No modification of capitalization policy
- 13. Pharmaceutical/Rebates Receivable – The plan recognizes pharmacy rebates/reimbursements when the amounts are known or a reasonable estimate is determinable.

D. Going Concern

Management does not consider there to be any present conditions or events that would raise substantial doubt about the Plan’s ability to continue as a going concern.

2. Accounting Change and Correction of Errors

The Plan had no accounting changes or correction of errors.

3. Business Combination and Goodwill

- A. Statutory Purchase Method- Not applicable
- B. Statutory Merger- Not applicable
- C. Assumption Reinsurance- Not applicable
- D. Impairment Loss- Not applicable

4. Discontinued Operations

The Plan had no discontinued operations.

5. Investments

- A. Mortgage Loans – Not applicable
 - 1. Not Applicable
 - 2. Not Applicable
 - 3. Taxes, assessments and any amounts advanced and not included in mortgage loan total- not applicable
 - 4. Age Analysis of Mortgage loans, aggregated by type- not applicable
 - 5. Disclose for investment in impaired loans aggregated by type- not applicable
 - 6. Impaired loans- not applicable
 - 7. Activity in the allowance for credit losses account- not applicable
 - 8. Mortgage loans derecognized as a result of foreclosure- not applicable
 - 9. The policy for recognizing interest income on impaired loans, including the method for recording cash receipts- not applicable

- B. Debt Restructuring – Not applicable
- C. Reverse Mortgages – Not applicable
- D. Loan-Backed Securities–

- 1. Sources used to determine prepayment assumptions:

Prepayment assumptions for loan-backed and asset backed securities are obtained from broker dealer survey values. A change from the retrospective to the prospective method has not been made.

- 2-3. Loan-backed securities with a recognized other-than-temporary impairment:

The Plan has not deemed it necessary to recognize any other than temporary impairments in its earnings as a realized loss in relation to its loan-backed securities.

Notes to Financial Statements

4. Loan-backed securities for which an other-than-temporary impairment has not been recognized in earnings as a realized loss:

a. The aggregate amount of unrealized losses:

1. Less than 12 months \$277,497

2. 12 Months or longer \$22,084

b. The aggregate related fair value of securities with unrealized losses:

1. Less than 12 months \$29,436,293

2. 12 Months or longer \$1,202,075
5. In considering whether an investment is other-than-temporarily impaired, management considers its ability and intent to hold the investment, the severity of the decline in fair value and the duration of the impairment, among other factors. Management has determined that it has the ability and intent to hold indefinitely its investment in its loan-backed securities and that the severity and duration of any impairment is insufficient to indicate an other-than-temporary impairment.

- E. Repurchase Agreements – Not applicable
- F. Real Estate – Not applicable
- G. Investment in Low-Income Housing Tax Credits – Not applicable
- H. Restricted Assets

1. Restricted Assets (Including Pledged)

	1	2	3	4	5	6
Restricted Asset Category	Total Gross Restricted from Current Year	Total Gross Restricted From Prior Year	Increase/ (Decrease) (1 minus 2)	Total Current Year Admitted Restricted	Percentage Gross Restricted to Total Assets	Percentage Admitted Restricted to Total Admitted Assets
a. Subject to contractual obligation for which liability is not shown						
b. Collateral held under security lending agreements						
c. Subject to repurchase agreements						
d. Subject to reverse repurchase agreements						
e. Subject to dollar repurchase agreements						
f. Subject to dollar reverse repurchase agreements						
g. Placed under option contracts						
h. Letter stock or securities restricted as to sale						
i. FHLB capital stock						
j. On deposit with states	1,024,583	1,026,197	(1,614)	1,022,438	0.56%	0.57%
k. On deposit with other regulatory bodies						
l. Pledged as collateral to FHLB (including assets backing funding agreements)						
m. Pledged as collateral not captured in other categories						
n. Other restricted assets						
o. Total Restricted Assets	1,024,583	1,026,197	(1,614)	1,022,438	0.56%	0.57%

2. Detail of Assets Pledged as Collateral Not Captured in Other Categories – Not applicable
3. Detail of Other Restricted Assets – Not Applicable

- I. Working Capital Finance Investments– Not applicable
- J. Offsetting and Netting of Assets and Liabilities – Not applicable
- K. Structured Notes– Not applicable

Notes to Financial Statements

6. Joint Ventures, Partnerships and Limited Liability Companies

- A. The Plan has no investments in Joint Ventures, Partnerships, or limited Liability Companies that exceed 10% of its admitted assets
- B. The Plan did not recognize any impairment write down for investments in Joint Ventures, Partnerships and, Limited Liability Companies during the Statement Periods.

7. Investment Income

The Plan had no excluded investment income.

8. Derivative Instruments

The Plan had no derivative instruments.

9. Income Taxes

The Plan has recognized an admitted net Deferred Tax Asset (DTA) of \$2,899,605 and \$1,978,598 as of December 31, 2015 and 2014, respectively. The DTA is the result of cumulative temporary timing differences that exist between amounts presented in the statutory basis financial statements and amounts reportable for income tax purposes.

- A. The components of the net deferred tax asset/(liability) at December 31 are as follows:

1.

12/31/2015		
1	2	3
Ordinary	Capital	(Col 1+2) Total
(a) Gross Deferred Tax Assets	3,656,938	18,052
(b) Statutory Valuation Allowance Adjustments	0	18,052
(c)Adjusted Gross Deferred Tax Assets (1a - 1b)	3,656,938	3,656,938
(d) Deferred Tax Assets Nonadmitted	557,810	557,810
(e)Subtotal Net Admitted Deferred Tax Assets (1c - 1d)	3,099,128	3,099,128
(f) Deferred Tax Liabilities	(199,523)	(199,523)

- (g) Net Admitted Deferred Tax Assets/(Net
Deferred Tax Liability)
(1e - 1f)

2,899,6052,899,605

1.

12/31/2014		
4	5	6
Ordinary	Capital	(Col 4+5) Total
(a) Gross Deferred Tax Assets	2,773,945	2,696
(b) Statutory Valuation Allowance Adjustments	0	0
(c)Adjusted Gross Deferred Tax Assets (1a - 1b)	2,773,945	2,696
(d) Deferred Tax Assets Nonadmitted	628,817	628,817
(e)Subtotal Net Admitted Deferred Tax Assets (1c - 1d)	2,145,128	2,696
(f) Deferred Tax Liabilities	(169,226)	(169,226)

- (g) Net Admitted Deferred Tax Assets/(Net
Deferred Tax Liability)
(1e - 1f)

1,975,9022,6961,978,598

Notes to Financial Statements

1.

Change		
7	8	9
(Col 1-4)	(Col 2-5)	(Col 7+8)
Ordinary	Capital	Total
882,992	15,356	898,348
0	18,052	18,052
882,992	(2,696)	880,296
(71,007)	0	(71,007)
953,999	(2,696)	951,303
(30,297)	0	(30,297)
923,702	(2,696)	921,006

2.

12/31/2015		
1	2	3
Ordinary	Capital	(Col 1+2) Total

Admission Calculation Components SSAP No. 101

- (a) Federal Income taxes Paid In Prior Years
Recoverable Through Loss Carry Carrybacks.
- (b) Adjusted Gross Deferred Tax Assets
Expected To Be Realized (Excluding The
Amount Of Deferred Tax Assets From 2(a)
above) After Application of the Threshold
Limitation. (The Lesser of 2(b)1 and 2(b)2
Below)

1. Adjusted Gross Deferred Tax Assets
Expected to be Realized Following
the Balance Sheet Date.

2. Adjusted Gross Deferred Tax Assets
Allowed per Limitation Threshold.
- (c)Adjusted Gross Deferred Tax Assets
(Excluding The Amount of Deferred Tax
Assets From 2(a) and 2(b) above) Offset by
Gross Deferred Tax Liabilities
- (d)Deferred Tax Assets Admitted as the result
of application of SSAP No. 101.
Total (2(a) + 2(b) + 2(c))

2,828,605	0	2,828,605
71,000	0	71,000
71,000	0	71,000
xxx	xxx	8,169,445
199,523	0	199,523
(199,523)	0	(199,523)
2,899,605	0	2,899,605

2.

12/31/2014		
4	5	6
Ordinary	Capital	(Col 4+5) Total

Admission Calculation Components SSAP No. 101

- (a) Federal Income taxes Paid In Prior Years
Recoverable Through Loss Carry Carrybacks.
- (b) Adjusted Gross Deferred Tax Assets
Expected To Be Realized (Excluding The
Amount Of Deferred Tax Assets From 2(a)
above) After Application of the Threshold
Limitation. (The Lesser of 2(b)1 and 2(b)2
Below)

1. Adjusted Gross Deferred Tax Assets
Expected to be Realized Following

1,754,881	2,696	1,757,577
221,021	0	221,021

Notes to Financial Statements

the Balance Sheet Date.	221,021	0	221,021
2. Adjusted Gross Deferred Tax Assets			
Allowed per Limitation Threshold.	xxx	xxx	5,717,571
(c)Adjusted Gross Deferred Tax Assets			
(Excluding The Amount of Deferred Tax	169,226	0	169,226
Assets From 2(a) and 2(b) above) Offset by	(169,226)	0	(169,226)
Gross Deferred Tax Liabilities			
(d)Deferred Tax Assets Admitted as the result			
of application of SSAP No. 101.			
Total (2(a) + 2(b) + 2(c))	1,975,902	2,696	1,978,598

2.	Change		
	7	8	9
	(Col 1-4)	(Col 2-5)	(Col 7+8)
	Ordinary	Capital	Total

Admission Calculation Components SSAP No. 101

(a) Federal Income taxes Paid In Prior Years			
Recoverable Through Loss Carry Carrybacks.	1,073,724	(2,696)	1,071,028
(b) Adjusted Gross Deferred Tax Assets			
Expected To Be Realized (Excluding The			
Amount Of Deferred Tax Assets From 2(a)			
above) After Application of the Threshold	(150,021)	0	(150,021)
Limitation. (The Lesser of 2(b)1 and 2(b)2			
Below)			
1. Adjusted Gross Deferred Tax Assets			
Expected to be Realized Following			
the Balance Sheet Date.	(150,021)	0	(150,021)
2. Adjusted Gross Deferred Tax Assets			
Allowed per Limitation Threshold.	xxx	xxx	2,502,135
(c)Adjusted Gross Deferred Tax Assets			
(Excluding The Amount of Deferred Tax	30,297	0	30,297
Assets From 2(a) and 2(b) above) Offset by	(30,297)	0	(30,297)
Gross Deferred Tax Liabilities			
(d)Deferred Tax Assets Admitted as the result			
of application of SSAP No. 101.			
Total (2(a) + 2(b) + 2(c))	923,703	(2,696)	921,007

3.	2015	2014
----	------	------

(a) Ratio Percentage Used To Determine		
Recovery Period And Threshold Limitation		
Amount.	397%	368%
(b) Amount Of Adjusted Capital And Surplus		
Used To Determine Recovery Period And		
Threshold Limitation In 2(b) 2 Above.	54,462,965	37,782,061

4.	12/31/2015		
	1	2	3
			(Col 1+2)
	Ordinary	Capital	Total
	Percent	Percent	Percent

Impact of Tax-Planning Strategies

(a) Determination Of Adjusted Gross Deferred Tax Assets And Net Admitted Deferred Tax Assets B Tax Character As A Percentage.

1. Adjusted Gross DTAs	3,656,938	0	3,656,938
2. Percentage of Adjusted Gross DTAs By Tax Character Attributable			
to the Impact of Tax Planning Strategies	0%	0%	0%
3. Net Admitted Adjusted Gross DTAs	2,899,605	0	2,899,605
4. Percentage of Net Admitted Adjusted Gross DTAs By Tax			
Character Attributable to the Impact of Tax Planning Strategies	0%	0%	0%

Notes to Financial Statements

4.

12/31/2014		
4	5	6
		(Col 4+5)
Ordinary Percent	Capital Percent	Total Percent

Impact of Tax-Planning Strategies

1. Adjusted Gross DTAs	2,773,945	2,696	2,776,641
2. Percentage of Adjusted Gross DTAs By Tax Character Attributable to the Impact of Tax Planning Strategies	0%	0%	0%
3. Net Admitted Adjusted Gross DTAs	2,145,128	2,696	2,147,824
4. Percentage of Net Admitted Adjusted Gross DTAs By Tax Character Attributable to the Impact of Tax Planning Strategies	0%	0%	0%

4.

Change		
7	8	9
(Col 1-4)	(Col 2-5)	(Col 7+8)
Ordinary Percent	Capital Percent	Total Percent

Impact of Tax-Planning Strategies

1. Adjusted Gross DTAs	882,992	(2,696)	880,296
2. Percentage of Adjusted Gross DTAs By Tax Character Attributable to the Impact of Tax Planning Strategies	0%	0%	0%
3. Net Admitted Adjusted Gross DTAs	953,999	(2,696)	951,303
4. Percentage of Net Admitted Adjusted Gross DTAs By Tax Character Attributable to the Impact of Tax Planning Strategies	0%	0%	0%

(b) Does the Corporation's tax-planning strategies include the use of reinsurance? Yes No X

B. Unrecognized Deferred Tax Liabilities - NOT APPLICABLE.

C. Current income taxes incurred consist of the following major components:

1	2	3
12/31/2015	12/31/2014	(Col 1-2) Change

1. Current Income Tax

(a) Federal	16,014,920	10,626,997	5,387,923
(b) Foreign			
(c) Subtotal	16,014,920	10,626,997	5,387,923
(d) Federal income tax on net capital gains			
(e) Utilization of capital loss carry-forwards			
(f) Other	(67,939)	8,832	(76,771)
(g) Federal and foreign income taxes incurred	15,946,981	10,635,829	5,311,152

Notes to Financial Statements

1	2	3
12/31/2015	12/31/2014	(Col 1-2) Change

2. Deferred Tax Assets

(a) Ordinary

(1) Discounting of unpaid losses	227,594	166,995	60,599
(2) Unearned premium reserve			
(3) Policyholder reserves			
(4) Investments			
(5) Deferred acquisition costs		14,222	(14,222)
(6) Policyholder dividends accrual			
(7) Fixed Assets	201,166	170,876	30,290
(8) Compensation and benefits accrual	563,876		563,876
(9) Pension accrual			
(10) Receivables - nonadmitted			
(11) Net operating loss carry-forward			
(12) Tax credit carry-forward			
(13) Other (including items <5% of total ordinary tax assets)	308,682	255,392	53,290
(14) State taxes amended	1,586,453	1,326,294	260,159
(15) Intangibles	769,167	840,167	(71,000)
(99) Subtotal	3,656,938	2,773,945	882,992
(b) Statutory valuation allowance adjustment			0
(c) Nonadmitted	557,810	628,817	(71,007)
(d) Admitted ordinary deferred tax assets (2a99 - 2b - 2c)	3,099,128	2,145,128	953,999

(e) Capital:

(1) Investments	0	0	0
(2) Net capital loss carry-forward	18,052	2,696	15,356
(3) Real estate	0	0	0
(4) Other (including items <5% of total capital tax assets)	0	0	0
(99) Subtotal	18,052	2,696	15,356
(f) Statutory valuation allowance adjustment	18,052	0	18,052
(g) Nonadmitted	0	0	0
(h) Admitted capital deferred tax assets (2e99 - 2f - 2g)	0	2,696	(2,696)
(i) Admitted deferred tax assets (2d + 2h)	3,099,128	2,147,824	951,303

3. Deferred Tax Liabilities

(a) Ordinary:

(1) Investments	0	0	0
(2) Fixed assets	199,523	169,226	30,297
(3) Deferred and uncollected premium	0	0	0
(4) Policyholder reserves	0	0	0
(5) Other (including items <5% of total ordinary tax assets)	0	0	0
(99) Subtotal	199,523	169,226	30,297
(b) Capital:			
(1) Investments	0	0	0
(2) Real estate	0	0	0
(3) Other (including items <5% of total capital tax liabilities)	0	0	0
(99) Subtotal	0	0	0
(c) Deferred tax liabilities(3a99 + 3b99)	199,523	169,226	30,297

Notes to Financial Statements

4. Net deferred tax assets/liabilities(2i - 3c)	2,899,605	1,978,598	921,006
---	-----------	-----------	---------

D. Among the more significant book to tax adjustments were the following:

	2015	%	2014	%
Federal income tax benefit computed at the statutory rate	15,417,769	35.5%	10,566,895	35.5%
Permanent Differences	(211,037)	(0.5%)	1,630,761	5.5%
Change in DTAs on Non Admitted Assets	(83,580)	(0.2%)	19,750	0.1%
Impact of Change in Tax Rate	31,517	0.1%		0.0%
Prior Year True-up	(67,939)	(0.2%)	8,832	0.0%
Impact of Prior Year Amended State Tax returns		0.0%	213,075	0.7%
Valuation Allowance	18,052	0.0%		0.0%
Other	(7,801)	0.0%	1,394	0.0%
Total	15,096,981	34.8%	12,440,707	41.8%
Federal income taxes incurred	16,014,920	36.9%	10,626,997	35.7%
Change in net deferred income taxes	(850,000)	(2.0%)	1,804,878	6.1%
Prior year underaccrual/(overaccrual)	(67,939)	(0.2%)	8,832	0.0%
Total statutory income taxes	15,096,981	34.8%	12,440,707	41.8%

- D. Carry forwards, recoverable taxes, and IRC 6603 deposits:
The Plan does not have any Net Operating Loss or tax credit carry forwards.
The Plan has a Capital Loss carryforward of \$50,851.
The Plan does not have any deposits admitted under IRC 6603.
- E. The Plan's federal income tax return if filed on a standalone basis and taxes are based on an adopted income tax allocation plan between the Plan and other affiliated members of the controlled group.
- F. For the years ended December 31, 2015 and 2014, the Plan did not have tax contingencies under the principles of SSAP No. 5, Liabilities, Contingencies and Impairments of Assets. This is subject but is not expected to significantly increase in the 12 month period following the balance sheet date. The Plan is primarily subject to U.S. federal and various U.S. state and local authorities. Tax years subsequent to 2011 remain open to examination by the Internal Revenue Service and 2009 remains open to state and local tax authorities. As of December 31, 2015, there are no U.S. federal or state returns under examination.

10. Information Concerning Parent, Subsidiaries and Affiliates

- A. The Plan is 100% owned by Health Alliance Plan of Michigan. The Plan's Ultimate Controlling Entity is the Henry Ford Health System (HFHS).
- B. The Plan incurred a management fee, for strategic guidance and support and services from HAP in 2015 and 2014. The Plan incurred a management fee for medical management from HFHS in 2014 and 2015. Through a Specialty Care and Hospital Agreement and a Plan/Primary Care Provider Agreement the Plan purchased healthcare and remitted State of Michigan pass thru payments to HFHS in 2015, and 2014. The Plan entered into a sublease agreement with HAP for primary office space of 18,418 rentable square feet in 2015. The terms of this lease agreement shall end on June 30, 2018, however it may be canceled with a 30 day written notice prior to January 1, 2018.
- C. The HAP management fee was \$1,446,976 in 2015 and \$1,133,666 in 2014. The plan paid healthcare services (noted above) to HFHS of \$49,222,512 in 2015 and \$32,685,876 in 2014. The Plan purchased healthcare services from related parties totaling approximately \$1,123,000 in 2015 and \$691,000 in 2014. The plan paid \$298,432 for a sublease to HAP in 2015.
- D. The Plan, under the terms of a Management and Services Agreement with HAP and a Management and Services Agreement between Henry Ford Health System (HFHS) and HAP recorded and amount due of \$1,075,253 and \$243,726 for 2015 and 2016 respectively, with terms of settlement within 15 days. The Plan, under the terms of a Primary Care Provider Agreement with HFHS has recorded \$2,123,954 which is included in Accrued medical incentive pool and bonus amounts at December 31, 2015.
- E. Guarantees to Affiliated Groups – Not applicable
- F. As described above
- G. Common Ownership or Control – the Plan and its affiliates are not subject to common ownership or control whereby their operating results or financial position would be significantly different from those if the entities were autonomous.
- H. Ownership in an Upstream Affiliate or Parent – Not applicable
- I. Investments in SCA Entities Exceeding 10% of Admitted Assets – Not applicable
- J. Investments in Impaired SCA Entities – Not applicable
- K. Investments in Foreign Insurance Subsidiaries – Not applicable
- L. Investment in Downstream Noninsurance Subsidiaries – Not applicable
- M. Investments in Non-Insurance Subsidiaries, Controlled and Affiliated Entities- Not applicable

Notes to Financial Statements

N. Investments in Insurance SCAs with Prescribed and Permitted Practices- Not applicable

11. Debt

The Plan had no debt.

- A. Debt, including Capital Notes and Reverse Repurchase Agreements – Not applicable
- B. FHLB (Federal Home Loan Bank) Agreements – Not applicable

12. Employee Benefit Plan

- A. Defined Benefit Plan – Not applicable
- B. Investment Policies and Strategies- Not applicable
- C. Fair Value of Each Class of Plan Assets- Not applicable
- D. Basis to determine the overall expected long-term rate- of-return-on-assets assumptions- Not Applicable
- E. Defined Contribution Plan - The Plan maintains a 401(k) plan for its employees. All employees are eligible to participate in the 401(k) plan after completion of age and service requirements. The Plan makes matching contributions to the 401(k) plan up to four percent or eligible compensation. Contributions, net of forfeitures, made to the 401(k) plan by the Plan for the years ended December 31, 2015 and 2014 were approximately \$187,912 and \$161,257, respectively. The fair value of plan assets was \$4,242,250 and \$4,333,275 at December 31, 2015 and 2014 respectively.
- F. Multiemployer Plans – Not applicable
- G. Consolidated/Holding Company Plans – Not applicable
- H. Post-employment Benefits and Compensated Absences – Not applicable
- I. Impact of Medicare Modernization Act- Not applicable

13. Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations

- 1. Capital stock - The Plan has 60,000 shares authorized, 8,465 issued and outstanding at a par value of \$ 22 as of December 31, 2015.
- 2. Preferred stock – Not applicable
- 3. Dividend Restrictions - Without prior approval of its domiciliary commissioner, dividends to shareholders are limited by the laws of the Plan's state of incorporation, Michigan, and to an amount based on restrictions relating to statutory surplus.
- 4. The Plan and its parent company, HAP, requested and received approval from The State of Michigan, DIFS, for an ordinary dividend of \$10,000,000 in November 2015. The dividend was paid to HAP on December 7, 2015. Dividends declared and paid in 2014 were \$9,439,000.
- 5. Dividend Restrictions Based on Profits - Within the limitations above, there are no restrictions placed on the portion of Company profits that may be paid as ordinary dividends to stockholders.
- 6. Restrictions on Unassigned Funds (Surplus) – Not applicable
- 7. Advances to Surplus Not Repaid – Not applicable.
- 8. Stock held for Special Purposes – Not applicable.
- 9. Changes in special Surplus funds – Not applicable
- 10. There are no cumulative unrealized gains and losses that reduce Unassigned funds (Surplus)
- 11. Surplus Notes – Not applicable
- 12. Impact of a Restatement Due to a Quasi-reorganization – Not applicable
- 13. The Effective Date(s) of a Quasi-Reorganization for the Prior Ten Years – Not applicable

14. Liabilities, Contingencies and Assessments

- A. Contingent Commitments - Not Applicable
- B. Guaranty fund and other assessments - Not applicable
- C. Gain Contingencies - Not applicable
- D. Claims Related Extra Contractual Obligation and Bad, Faith Losses Stemming from Lawsuits - Not Applicable
- E. Joint and Several Liabilities - Not applicable
- F. All Other Contingencies – Not applicable

Notes to Financial Statements

15. Leases

- A. Lessee Operating Leases
 - 1.
 - a. The Plan leases office facilities under a noncancelable operating lease agreement that expires December 2016. Rental expense was \$686,754 and \$664,184 in 2015 and 2014, respectfully. Refer to note 10 for information on cancelable sublease with parent company, HAP.
 - b. The Plan commenced a 10 year operating lease for its primary office space in December 2010, which is cancellable after the 6th year.
 - 2 At December 31, 2015, the minimum aggregate rental commitments are as follows:

1.	2016	\$471,712
2.	Total	\$471,712
 - 3. Material Sales – Leaseback Transactions - Not applicable
- B. Lessor Leases – Not applicable
- C. Leveraged Leases- Not applicable

16. Information About Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk.

The Plan had no financial instruments with off-balance sheet risk or with concentrations of credit risk.

17. Sales, Transfer and Servicing of Financial Assets and Extinguishment of Liabilities

- A. Transfers of Receivables Reported as Sales - Not applicable
- B. Transfer and Servicing of Financial Assets - Not applicable
- C. Wash Sales - Not applicable

18. Gain or Loss to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans.

- A. ASO Plans – Not applicable
- B. ASC Plans – Not applicable
- C. Medicare or Other Similarly Structured Cost Based Reimbursement Contract –
 - 1. Major components of revenue by payor – Not applicable
 - 2. Receivables from payors with account balances the greater of 10% of amounts receivable relating to uninsured accident and health plans of \$10,000 –

	2015	2014
Centers for Medicare and Medicaid Services (CMS)	\$3,042,000	\$561,000
 - 3. Allowances and reserves for adjustment of recorded revenue – Not applicable
 - 4. Adjustments to revenue resulting from audit of receivables related to revenues recorded in the prior period – Not applicable

19. Direct Premium Written/Produced by Managing General Third Agents/Third Party Administrators

The plan had no direct premium written/produced by managing general third agents/third party administrators.

Notes to Financial Statements

20. Fair Value Measurements

A.

1. Fair Value Measurements at Reporting Date

Description for each class of asset or liability	(Level 1)	(Level 2)	(Level 3)	Total
a. Assets at Fair Value				
Perpetual Preferred stock				
Industrial and Misc.	\$ 0	\$0	\$0	\$ 0
Parent, Subsidiaries and Affiliates	0	0	0	0
Total Perpetual Preferred Stocks	\$ 0	\$0	\$0	\$ 0
Bonds				
U.S. Governments	\$0	\$0	\$0	\$0
U.S. State	0	0	0	0
Industrial and Misc	97,763,115	0	0	97,763,115
Hybrid Securities	0	0	0	0
Parent, Subsidiaries and Affiliates	0	0	0	0
Total Bonds	\$ 97,763,115	\$0	\$0	\$ 97,763,115
Common Stock				
Industrial and Misc	\$ 0	\$0	\$0	\$ 0
Parent, Subsidiaries and Affiliates	0	0	0	0
Total Common Stocks	\$ 0	\$0	\$0	\$ 0
Derivative assets				
Interest rate contracts	\$ 0	\$0	\$0	\$ 0
Foreign exchange contracts	0	0	0	0
Credit contracts	0	0	0	0
Commodity futures contracts	0	0	0	0
Commodity forward contracts	0	0	0	0
Total Derivatives	\$ 0	\$0	\$0	\$ 0
Separate account assets				
	\$ 0	\$0	\$0	\$ 0
Total assets at fair value	\$ 97,763,115	\$0	\$0	\$ 97,763,115
b. Liabilities at fair value				
Derivative liabilities	\$ 0	\$0	\$0	\$ 0
Total Liabilities at Fair Value				
	\$0	\$0	\$0	\$0

Footnote:

(a) No transfers from Level 1 to Level 2.

2. The Plan has no fair value measurements categorized within Level 3 of the fair value hierarchy.
3. The corporation’s policy for recognition of transfers between levels within the fair value hierarchy is to recognize the transfer on the actual date of the event or change in circumstances that caused the transfer. The corporation had no transfers between levels.
4. The fair value measurements categorized within Level 2 of the fair value hierarchy reported by the Corporation are obtained primarily from independent pricing services using quoted market prices from published sources. Mortgage backed securities are submitted to the MAIC’s Securities Valuation Office for valuation.
5. Derivative assets and liabilities – Not applicable.

B. Fair value information and information about other similar measurements disclosed under other accounting pronouncements combined with disclosures under SSAP No. 100, Fair Value Measurements – Not applicable.

Notes to Financial Statements

C. Aggregate fair values of all financial instruments and applicable levels within the fair value hierarchy

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets/ Liabilities	(Level 1)	(Level 2)	(Level 3)	Not Practicable Carrying Value
Bonds	133,605,999	134,659,314	97,763,115	35,842,884		
Common Stock						
Derivative Assets						
Derivative Liabilities						

D. Financial instruments or classes of financial instruments for which fair value measurements are not determinable - NOT APPLICABLE.

21. Other Items

- A. Extraordinary Items – Not applicable
- B. Troubled Debt Restructuring – Not applicable
- C. Other Disclosures – Statutory Reserve – see Note 1C2
- D. Business Interruption Insurance Recoveries – Not applicable
- E. State Transferable Tax Credits – Not applicable
- F. Subprime Mortgage Related Risk Exposure – Not applicable
- G. Retained Assets- Not applicable
- H. Insurance-Linked Securities- Not applicable

22. Events Subsequent

Type I – Recognized Subsequent Events:

During 2105, the Plan was notified by the State of Michigan that effective January 1, 2016 it would no longer be a participating Medicaid plan for two key regions, 9 and 10, that reflect the vast majority of its membership. The Plan, subsequent to December 31, 2015 balance sheet date, transferred membership from regions 9 and 10 to Molina Healthcare of Michigan Inc. (Molina) as approved by the Department of Insurance and Financial Services of the State of Michigan. On December 31, 2015, 75% of the negotiated sales price was received as a partial payment under the Asset Purchase Agreement with Molina prior to the effective date of transfer of January 1, 2016 and has been recorded in cash and aggregate write-ins for other liabilities. Final reconciliation of the sales price and recognition of any gain or loss from the transfer of membership will be recorded in the Plan's 2016 financial results.

Type II – Non-recognized Subsequent Events

Subsequent events have been considered through February 29, 2016 for the Statutory Statements issued on December 31, 2015.

In August 2015, the IRS confirmed that HAP MHP was not subject to the 2015 ACA Excise Fee based on its status as a Michigan nonprofit corporation.

	Current Year	Prior Year
A. Did the reporting entity write accident and health insurance premium that is subject to section 9010 of the federal Affordable Care Act (Yes/No) –	No	
B. ACA fee assessment payable for the upcoming year	\$0	\$7,428,831
C. ACA fee assessment paid -	\$0	\$4,288,611
D. Premium written subject to ACA 9010 assessment –	\$0	\$379,207,879
E. Total Adjusted Capital before surplus adjustment –	\$0	
F. Total Adjusted Capital after surplus adjustment –	\$0	
G. Authorized Control Level after surplus adjustment –	\$0	
H. Would reporting the ACA assessment as of December 31, 2015, have triggered an RBC action level: N/A		

23. Reinsurance

- A. Ceded Reinsurance Report
Section 1 – General Interrogatories
1 - Are any of the reinsurers, listed in Schedule S as non-affiliated, owned in excess of 10% or controlled, either directly or indirectly, by the Plan or by any representative, officer, trustee, or director of the company? NO

Notes to Financial Statements

2 - Have any policies issued by the company been reinsured with a company chartered in a country other than the United States this is owned in excess of 10% or controlled directly or indirectly by an insured, a beneficiary, a creditor or any other person not primarily engaged in the insurance business? NO

Section 2 – Ceded Reinsurance Report – Part A

1 – Does the Plan have a reinsurance agreement in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than for nonpayment of premium or other similar credit? NO
2 – Does the reporting entity have any reinsurance agreements in effect such that the amount of losses paid or accrued through the statement date may result in a payment to the reinsurer of amounts that, in aggregate and allowing for offset of mutual credits from other reinsurance agreements with the same reinsurer, exceed the total direct premium collected under the reinsured policies? NO

Section 3 – Ceded Reinsurance Report – Part B

1 – \$1,212,000 is the estimated amount of the aggregate reduction in surplus, (for agreements other than those under which the reinsurer may unilaterally cancel for reasons other than for nonpayment of premium or other similar credits that are reflected in Section 2 above) of termination of all reinsurance agreements, by either party, as of the date of this statement.
2 – Have any new agreements been executed or existing agreements amended, since January 1 of the year of this statement, to include policies or contracts that were in force or which had existing reserves established by the Plan as of the effective date of the agreement? NO

- B. Uncollectible Reinsurance – Not applicable
- C. Commutation of Ceded Reinsurance – Not applicable
- D. Certified Reinsurer Rating Downgraded or Status Subject to Revocation- Not applicable

The Plan has a reinsurance agreement with RGA Reinsurance Company, NAIC 93572, Federal Tax ID #43-1235868, and a non-affiliated U.S. company for 2013. The deductible rate for institutional services is \$200,000 for covered Medicaid members, \$165,000 for covered Child Special Health Care Service members and, \$120,000 for covered Medicare members with a co-payment of 10%, except for non-approved transplants in 2014. Reinsurance ceded was \$2,059,106 and \$1,362,026 for 2015 and 2014, respectively. The maximum reinsurance per member is \$1,000,000 per year and \$2,000,000 per lifetime. The agreement is non-cancelable other than for failure to pay premiums. For the 2015 policy year, the Plan has an estimated receivable of \$1,212,301 on paid claims as of December 31, 2015. The Plan received a \$1,257,950 reimbursement for the 2014 policy year in December 2015.

The company does not have assumed uncollectible or retroactive reinsurance.

24. Retrospectively Rated Contracts and Contracts Subject to Redetermination.

The Plan has no retrospectively rated contracts or contracts subject to redetermination.

25. Change in Incurred Claims and Claims Adjustment Expenses

Reserves as of December 31, 2015 were \$74,415,625. As of December 31, 2015, \$39,177,338 has been paid for incurred claims and claim adjustment expenses attributable to insured events of prior years. Reserves remaining for prior years are now \$427,661 as a result of re-estimation of unpaid claims and claim adjustment expenses. Therefore, there has been a \$11,910,000 favorable prior-year development since December 31, 2014 to December 31, 2015. The increase (decrease) is generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased, as additional information becomes known regarding individual.

Activity in the liability for claims unpaid at December 31, 2015 and 2014 is summarized as follow:

	2015	2014
Medical Claims Liability		
Balance January 1	\$51,766,525	\$37,042,412
Incurred related to:		
Current Year	411,986,212	318,505,990
Prior Year	(11,910,000)	(8,380,000)
Total Incurred	400,076,212	310,125,990
Paid Related to:		
Current Year	338,249,773	266,934,588
Prior Year	39,177,338	28,467,290
Total Paid	377,427,111	295,401,878
Balance December 31	\$74,415,625	\$51,766,525

26. Intercompany Pooling Arrangements

Not applicable

27. Structured Settlements

Not applicable

Notes to Financial Statements

28. Health Care Receivables – Admitted

- A. Pharmaceutical/Rebates Receivable – The plan recognizes pharmacy rebates/reimbursements when the amounts are known or a reasonable estimate is determinable. The Plan changed its methodology for the recognition in the fourth quarter 2015 to align with its parent corporation’s accounting practices.

Quarter	Estimated Receivable	Confirmed Receivable	Received within 90 days	Received within 91-180 days	Received over 180 Days
12/31/15	2,028,052	120,428	120,428		
9/30/15	950	950	950		
6/30/15	488	488	488		
3/31/15	1,658	1,658	1,658		
12/31/14	134	134	134		
9/30/14	0	0	0		
6/30/14	117,405	117,405	117,405		
3/31/14	59	59	59		
12/31/13	196,784	196,784	196,784		
9/30/13	25,243	25,243	25,243		
6/30/13	307,570	307,570	307,570		
3/31/13	403	403	403		
12/31/12	425,280	425,280	425,280		
9/30/12	260	260	260		
6/30/12	113,680	113,680	113,680		
3/31/12	42,616	42,616	42,616		

- B. Risk Sharing Receivable

The Plan’s contract with capitated providers that have 250 or more assigned members are subject to risk sharing. Any provider with a deficit balance owes 25% of that balance, up to a maximum of three month’s capitation, to the Plan. The Plan has a final settlement with Providers 18 months after the beginning of the respective contract year. For 2015 and 2014 the Plan has agreed to waive any Risk Share Receivable and accordingly rebased its capitation payment and referral pool funding for 2015.

29. Participating Policies

Not applicable

30. Premium Deficiency Reserves

Not applicable

31. Anticipated Salvage and Subrogation

Not applicable

GENERAL INTERROGATORIES
PART 1 - COMMON INTERROGATORIES
GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?
If yes, complete Schedule Y, Parts 1, 1A and 2.
Yes[X] No[]

1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?
Yes[X] No[] N/A[]
Michigan

1.3 State Regulating?

2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?
Yes[] No[X]

2.2 If yes, date of change:

3.1 State as of what date the latest financial examination of the reporting entity was made or is being made.
12/31/2013

3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.
12/31/2013

3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).
06/05/2015

3.4 By what department or departments?
Department of Insurance and Financial Services

3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments?
Yes[] No[] N/A[X]

3.6 Have all of the recommendations within the latest financial examination report been complied with?
Yes[X] No[] N/A[]

4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
4.11 sales of new business?
Yes[] No[X]
4.12 renewals?
Yes[] No[X]

4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
4.21 sales of new business?
Yes[] No[X]
4.22 renewals?
Yes[] No[X]

5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?
Yes[] No[X]

5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

Table with 3 columns: 1 Name of Entity, 2 NAIC Company Code, 3 State of Domicile

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period?
Yes[] No[X]

6.2 If yes, give full information:

7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?
Yes[] No[X]

7.2 If yes,
7.21 State the percentage of foreign control
0.000%
7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact)

Table with 2 columns: 1 Nationality, 2 Type of Entity

- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?
Yes[] No[X]

8.2 If response to 8.1 is yes, please identify the name of the bank holding company.

8.3 Is the company affiliated with one or more banks, thrifts or securities firms?
Yes[] No[X]

8.4 If response to 8.3 is yes, please provide the names and location (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e., the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC) and identify the affiliate's primary federal regulator.

Table with 6 columns: 1 Affiliate Name, 2 Location (City, State), 3 FRB, 4 OCC, 5 FDIC, 6 SEC

- 9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
Deloitte & Touche LLP, Suite 3900, 200 Renaissance Center, Detroit, MI 48243

10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation?
Yes[] No[X]

10.2 If response to 10.1 is "yes," provide information related to this exemption:

10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 18A of the Model Regulation, or substantially similar state law or regulation?
Yes[] No[X]

10.4 If response to 10.3 is "yes," provide information related to this exemption:

10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws?
Yes[X] No[] N/A[]

10.6 If the response to 10.5 is "NO" or "N/A" please explain:

11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
Dave Thoen, FSA, MAAA, Deloitte & Toche LLP, 50 South Sixth Street, Suite 2800, Minneapolis, MN 55402-1538, Consulting Contract

GENERAL INTERROGATORIES (Continued)

- 12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly?

Yes[] No[X]
- 12.11 Name of real estate holding company
- 12.12 Number of parcels involved

0
- 12.13 Total book/adjusted carrying value

\$0
- 12.2 If yes, provide explanation
13. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?

Yes[] No[] N/A[X]
- 13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located?

Yes[] No[] N/A[X]
- 13.3 Have there been any changes made to any of the trust indentures during the year?

Yes[] No[] N/A[X]
- 13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes?
- 14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?

Yes[X] No[]
- 14.11 If the response to 14.1 is no, please explain:
- 14.2 Has the code of ethics for senior managers been amended?

Yes[] No[X]
- 14.21 If the response to 14.2 is yes, provide information related to amendment(s).
- 14.3 Have any provisions of the code of ethics been waived for any of the specified officers?

Yes[] No[X]
- 14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).
- 15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List?

Yes[] No[X]
- 15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

	1 American Bankers Association (ABA) Routing Number	2 Issuing or Confirming Bank Name	3 Circumstances That Can Trigger the Letter of Credit	4 Amount
15.2001

BOARD OF DIRECTORS

16. Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinate committee thereof?

Yes[X] No[]
17. Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof?

Yes[X] No[]
18. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person?

Yes[X] No[]

FINANCIAL

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)?

Yes[] No[X]
- 20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.11 To directors or other officers

\$0
- 20.12 To stockholders not officers

\$0
- 20.13 Trustees, supreme or grand (Fraternal only)

\$0
- 20.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.21 To directors or other officers

\$0
- 20.22 To stockholders not officers

\$0
- 20.23 Trustees, supreme or grand (Fraternal only)

\$0
- 21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement?

Yes[] No[X]
- 21.2 If yes, state the amount thereof at December 31 of the current year:
- 21.21 Rented from others

\$0
- 21.22 Borrowed from others

\$0
- 21.23 Leased from others

\$0
- 21.24 Other

\$0
- 22.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments?

Yes[] No[X]
- 22.2 If answer is yes:
- 22.21 Amount paid as losses or risk adjustment

\$0
- 22.22 Amount paid as expenses

\$0
- 22.23 Other amounts paid

\$0
- 23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?

Yes[] No[X]
- 23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount:

\$0

INVESTMENT

- 24.01 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 24.03)

Yes[X] No[]
- 24.02 If no, give full and complete information, relating thereto
- 24.03 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet. (an alternative is to reference Note 17 where this information is also provided)
- 24.04 Does the Company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions?

Yes[] No[] N/A[X]
- 24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs.

\$0
- 24.06 If answer to 24.04 is no, report amount of collateral for other programs.

\$0
- 24.07 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract?

Yes[] No[] N/A[X]
- 24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%?

Yes[] No[] N/A[X]

GENERAL INTERROGATORIES (Continued)

24.09 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending?

24.10 For the reporting entity's security lending program, state the amount of the following as of December 31 of the current year:

24.101 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2.

\$0

24.102 Total book/adjusted carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2.

\$0

24.103 Total payable for securities lending reported on the liability page.

\$0

25.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.03).

25.2 If yes, state the amount thereof at December 31 of the current year:

25.21 Subject to repurchase agreements

\$0

25.22 Subject to reverse repurchase agreements

\$0

25.23 Subject to dollar repurchase agreements

\$0

25.24 Subject to reverse dollar repurchase agreements

\$0

25.25 Placed under option agreements

\$0

25.26 Letter stock or securities restricted as to sale - excluding FHLB Capital Stock

\$0

25.27 FHLB Capital Stock

\$0

25.28 On deposit with states

\$1,024,583

25.29 On deposit with other regulatory bodies

\$0

25.30 Pledged as collateral - excluding collateral pledged to an FHLB

\$0

25.31 Pledged as collateral to FHLB - including assets backing funding agreements

\$0

25.32 Other

\$0

25.3 For category (25.26) provide the following:

1	2	3
Nature of Restriction	Description	Amount

26.1 Does the reporting entity have any hedging transactions reported on Schedule DB?

26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?

If no, attach a description with this statement.

27.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity?

27.2 If yes, state the amount thereof at December 31 of the current year.

\$0

28. Excluding items in Schedule E - Part 3 - Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section I, III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook?

28.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1	2
Name of Custodian(s)	Custodian's Address
Comerica Bank	Detroit, Michigan
The Northern Trust Company	Chicago, Illinois

28.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1	2	3
Name(s)	Location(s)	Complete Explanation(s)

28.03 Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year?

28.04 If yes, give full and complete information relating thereto:

1	2	3	4
Old Custodian	New Custodian	Date of Change	Reason
	0		

28.05 Identify all investment advisors, broker/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1	2	3
Central Registration Depository Number(s)	Name	Address
Not applicable	Cristopher Graunstadt	Detroit Michigan
104863	Income Research & Management	Boston Massachesetts

29.1 Does the reporting entity have any diversified mutual funds reported in Schedule D, Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b)(1)])?

29.2 If yes, complete the following schedule:

GENERAL INTERROGATORIES (Continued)

1	2	3
CUSIP #	Name of Mutual Fund	Book/Adjusted Carrying Value
29.2999 Total		

29.3 For each mutual fund listed in the table above, complete the following schedule:

1	2	3	4
Name of Mutual Fund (from above table)	Name of Significant Holding of the Mutual Fund	Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	Date of Valuation

30. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1	2	3
	Statement (Admitted) Value	Fair Value	Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds	36,132,587	35,842,884	(289,703)
30.2 Preferred stocks			
30.3 Totals	36,132,587	35,842,884	(289,703)

30.4 Describe the sources or methods utilized in determining the fair values
Fair values are based on quoted market prices where available obtained primarily from a third-party pricing service which generally uses Level 1 or Level 2 inputs for the determination of fair value

31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D? Yes[X] No[]
31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source? Yes[X] No[] N/A[]
31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:

32.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Investment Analysis Office been followed? Yes[X] No[]
32.2 If no, list exceptions:

OTHER

33.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any? \$. 119,094
33.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus during the period covered by this statement.

1	2
Name	Amount Paid
Michigan Association of Health Plans	84,094
Medicaid Health Plans of America	35,000

34.1 Amount of payments for legal expenses, if any? \$. 280,336
34.2 List the name of the firm and the amount paid if any such payments represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1	2
Name	Amount Paid
Jones Day	274,058

35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or department of government, if any? \$. 35,000
35.2 List the name of firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1	2
Name	Amount Paid
Mitchell Research	35,000

GENERAL INTERROGATORIES (Continued)

PART 2 - HEALTH INTERROGATORIES

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force?

Yes[] No[X]

1.2 If yes, indicate premium earned on U.S. business only:

\$ 0

1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?

\$ 0

1.31 Reason for excluding:

1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above.

\$ 0

1.5 Indicate total incurred claims on all Medicare Supplement insurance.

\$ 0

1.6 Individual policies - Most current three years:

1.61 TOTAL Premium earned

\$ 0

1.62 TOTAL Incurred claims

\$ 0

1.63 Number of covered lives

..... 0

All years prior to most current three years:

1.64 TOTAL Premium earned

\$ 0

1.65 TOTAL Incurred claims

\$ 0

1.66 Number of covered lives

..... 0

1.7 Group policies - Most current three years:

1.71 TOTAL Premium earned

\$ 0

1.72 TOTAL Incurred claims

\$ 0

1.73 Number of covered lives

..... 0

All years prior to most current three years:

1.74 TOTAL Premium earned

\$ 0

1.75 TOTAL Incurred claims

\$ 0

1.76 Number of covered lives

..... 0

2. Health Test

		1	2
		Current Year	Prior Year
2.1	Premium Numerator	507,566,825	382,134,464
2.2	Premium Denominator	502,842,558	382,134,464
2.3	Premium Ratio (2.1 / 2.2)	1.009	1.000
2.4	Reserve Numerator	77,427,516	52,363,305
2.5	Reserve Denominator	77,031,306	52,363,305
2.6	Reserve Ratio (2.4 / 2.5)	1.005	1.000

3.1 Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits?

Yes[] No[X]

3.2 If yes, give particulars:

4.1 Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency?

Yes[X] No[]

4.2 If not previously filed furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered?

Yes[] No[] N/A[X]

5.1 Does the reporting entity have stop-loss reinsurance?

Yes[X] No[]

5.2 If no, explain:

5.3 Maximum retained risk (see instructions):

5.31 Comprehensive Medical

\$ 280,000

5.32 Medical Only

\$ 0

5.33 Medicare Supplement

\$ 0

5.34 Dental & Vision

\$ 0

5.35 Other Limited Benefit Plan

\$ 0

5.36 Other

\$ 0

6. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:

HAP Midwest Health Plan has agreements with its Primary Care providers to continue services until enrollee is re-assigned by Medicaid.

7.1 Does the reporting entity set up its claim liability for provider services on a service date basis?

Yes[X] No[]

7.2 If no, give details:

8. Provide the following information regarding participating providers:

8.1 Number of providers at start of reporting year

..... 1,574

8.2 Number of providers at end of reporting year

..... 1,808

9.1 Does the reporting entity have business subject to premium rate guarantees?

Yes[] No[X]

9.2 If yes, direct premium earned:

9.21 Business with rate guarantees between 15-36 months

..... 0

9.22 Business with rate guarantees over 36 months

..... 0

10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts?

Yes[X] No[]

10.2 If yes:

10.21 Maximum amount payable bonuses

\$ 6,163,460

10.22 Amount actually paid for year bonuses

\$ 2,444,580

10.23 Maximum amount payable withholds

\$ 1,727,668

10.24 Amount actually paid for year withholds

\$ 481,375

11.1 Is the reporting entity organized as:

11.12 A Medical Group/Staff Model,

Yes[] No[X]

11.13 An Individual Practice Association (IPA), or,

Yes[] No[X]

11.14 A Mixed Model (combination of above)?

Yes[X] No[]

11.2 Is the reporting entity subject to Statutory Minimum Capital and Surplus Requirements?

Yes[X] No[]

11.3 If yes, show the name of the state requiring such minimum capital and surplus.

Michigan

11.4 If yes, show the amount required.

\$ 27,409,926

11.5 Is this amount included as part of a contingency reserve in stockholder's equity?

Yes[] No[X]

11.6 If the amount is calculated, show the calculation.

See Risk Based Capital section

12. List service areas in which the reporting entity is licensed to operate:

1
Name of Service Area
Livingston, Macomb, Oakland, St. Claire, Washtenaw, Wayne
Counties

13.1 Do you act as a custodian for health savings accounts?

Yes[] No[X]

13.2 If yes, please provide the amount of custodial funds held as of the reporting date:

\$ 0

13.3 Do you act as an administrator for health savings accounts?

Yes[] No[X]

13.4 If yes, please provide the balance of the funds administered as of the reporting date:

\$ 0

GENERAL INTERROGATORIES (Continued)

14.1 Are any of the captive affiliates reported on Schedule S, Part 3 as authorized reinsurers?

14.2 If the answer to 14.1 is yes, please provide the following:

Yes[] No[] N/A[X]

1 Company Name	2 NAIC Company Code	3 Domiciliary Jurisdiction	4 Reserve Credit	Assets Supporting Reserve Credit		
				5 Letters of Credit	6 Trust Agreements	7 Other

15. Provide the following for individual ordinary life insurance* policies (U.S. business only) for the current year (prior to reinsurance assumed or ceded)

15.1 Direct Premium Written\$ 0

15.2 Total incurred claims\$ 0

15.2 Number of covered lives0

*Ordinary Life Insurance Includes
Term (whether full underwriting, limited underwriting, jet issue, "short form app")
Whole Life (whether full underwriting, limited underwriting, jet issue, "short form app")
Variable Life (with or without Secondary Guarantee)
Universal Life (with or without Secondary Guarantee)
Variable Universal Life (with or without Secondary Guarantee)

FIVE-YEAR HISTORICAL DATA

	1 2015	2 2014	3 2013	4 2012	5 2011
BALANCE SHEET (Pages 2 and 3)					
1. TOTAL Admitted Assets (Page 2, Line 28)	180,625,294	101,372,343	82,056,220	66,697,328	49,888,763
2. TOTAL Liabilities (Page 3, Line 24)	123,262,725	61,611,684	50,655,639	39,874,911	30,800,896
3. Statutory minimum capital and surplus requirement	27,409,926	20,533,564	17,367,996	16,168,642	14,858,088
4. TOTAL Capital and Surplus (Page 3, Line 33)	57,362,569	39,760,659	31,400,581	26,822,417	19,087,867
INCOME STATEMENT (Page 4)					
5. TOTAL Revenues (Line 8)	501,918,633	381,700,201	294,580,195	274,497,308	265,104,148
6. TOTAL Medical and Hospital Expenses (Line 18)	403,770,503	310,505,608	259,422,180	240,392,352	217,028,089
7. Claims adjustment expenses (Line 20)	6,077,398	4,201,271	3,657,902	3,311,601	3,382,808
8. TOTAL Administrative Expenses (Line 21)	49,048,806	37,430,526	15,200,497	17,388,122	34,897,617
9. Net underwriting gain (loss) (Line 24)	43,021,926	29,562,796	16,299,616	13,405,234	9,795,635
10. Net investment gain (loss) (Line 27)	408,409	203,106	24,723	19,070	67,265
11. TOTAL Other Income (Lines 28 plus 29)					
12. Net income or (loss) (Line 32)	27,483,354	19,130,072	9,439,932	7,104,342	5,936,900
Cash Flow (Page 6)					
13. Net cash from operations (Line 11)	57,156,301	33,468,231	16,775,485	12,010,667	7,799,670
RISK-BASED CAPITAL ANALYSIS					
14. TOTAL Adjusted Capital	57,362,569	39,760,659	31,400,581	26,822,417	19,087,867
15. Authorized control level risk-based capital	13,704,962	10,295,874	8,683,998	8,084,321	7,429,044
ENROLLMENT (Exhibit 1)					
16. TOTAL Members at End of Period (Column 5, Line 7)	94,119	94,408	79,419	82,326	75,040
17. TOTAL Members Months (Column 6, Line 7)	1,170,468	1,061,706	959,982	945,228	884,601
OPERATING PERCENTAGE (Page 4)					
(Item divided by Page 4, sum of Lines 2, 3 and 5) x 100.0					
18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5)	100.0	100.0	100.0	100.0	100.0
19. TOTAL Hospital and Medical plus other non-health (Lines 18 plus Line 19)	80.3	81.3	87.9	87.4	81.7
20. Cost containment expenses	0.6	0.5	0.5		
21. Other claims adjustment expenses	0.6	0.6	0.7	1.2	1.3
22. TOTAL Underwriting Deductions (Line 23)	91.3	92.2	94.3	94.9	96.1
23. TOTAL Underwriting Gain (Loss) (Line 24)	8.6	7.7	5.5	4.9	3.7
UNPAID CLAIMS ANALYSIS					
(U&I Exhibit, Part 2B)					
24. TOTAL Claims Incurred for Prior Years (Line 13, Column 5)	40,278,255	36,167,538	30,601,182	26,143,092	25,434,257
25. Estimated liability of unpaid claims-[prior year (Line 13, Column 6)]	52,363,305	37,902,789	32,726,160	28,199,166	26,430,558
INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES					
26. Affiliated bonds (Sch. D Summary, Line 12, Column 1)					
27. Affiliated preferred stocks (Sch. D Summary, Line 18, Column 1)					
28. Affiliated common stocks (Sch. D Summary, Line 24, Column 1)					
29. Affiliated short-term investments (subtotal included in Sch. DA Verification, Col. 5, Line 10)					
30. Affiliated mortgage loans on real estate					
31. All other affiliated					
32. TOTAL of Above Lines 26 to 31					
33. TOTAL Investment in Parent Included in Lines 26 to 31 above					

NOTE: If a party to a merger, have the two most recent years of this exhibit been restated due to a merger in compliance with the disclosure requirements of SSAP No. 3, Accounting Changes and Correction of Errors? Yes[] No[] N/A[X]

If no, please explain::

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS
ALLOCATED BY STATES AND TERRITORIES

		1	Direct Business Only							
			2	3	4	5	6	7	8	9
State, Etc.		Active Status	Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Plan Premiums	Life & Annuity Premiums & Other Considerations	Property/ Casualty Premiums	Total Columns 2 Through 7	Deposit - Type Contracts
1.	Alabama (AL)	N								
2.	Alaska (AK)	N								
3.	Arizona (AZ)	N								
4.	Arkansas (AR)	N								
5.	California (CA)	N								
6.	Colorado (CO)	N								
7.	Connecticut (CT)	N								
8.	Delaware (DE)	N								
9.	District of Columbia (DC)	N								
10.	Florida (FL)	N								
11.	Georgia (GA)	N								
12.	Hawaii (HI)	N								
13.	Idaho (ID)	N								
14.	Illinois (IL)	N								
15.	Indiana (IN)	N								
16.	Iowa (IA)	N								
17.	Kansas (KS)	N								
18.	Kentucky (KY)	N								
19.	Louisiana (LA)	N								
20.	Maine (ME)	N								
21.	Maryland (MD)	N								
22.	Massachusetts (MA)	N								
23.	Michigan (MI)	L	3,350,687	54,708,632	446,842,345				504,901,665	
24.	Minnesota (MN)	N								
25.	Mississippi (MS)	N								
26.	Missouri (MO)	N								
27.	Montana (MT)	N								
28.	Nebraska (NE)	N								
29.	Nevada (NV)	N								
30.	New Hampshire (NH)	N								
31.	New Jersey (NJ)	N								
32.	New Mexico (NM)	N								
33.	New York (NY)	N								
34.	North Carolina (NC)	N								
35.	North Dakota (ND)	N								
36.	Ohio (OH)	N								
37.	Oklahoma (OK)	N								
38.	Oregon (OR)	N								
39.	Pennsylvania (PA)	N								
40.	Rhode Island (RI)	N								
41.	South Carolina (SC)	N								
42.	South Dakota (SD)	N								
43.	Tennessee (TN)	N								
44.	Texas (TX)	N								
45.	Utah (UT)	N								
46.	Vermont (VT)	N								
47.	Virginia (VA)	N								
48.	Washington (WA)	N								
49.	West Virginia (WV)	N								
50.	Wisconsin (WI)	N								
51.	Wyoming (WY)	N								
52.	American Samoa (AS)	N								
53.	Guam (GU)	N								
54.	Puerto Rico (PR)	N								
55.	U.S. Virgin Islands (VI)	N								
56.	Northern Mariana Islands (MP)	N								
57.	Canada (CAN)	N								
58.	Aggregate other alien (OT)	X X X								
59.	Subtotal	X X X	3,350,687	54,708,632	446,842,345				504,901,665	
60.	Reporting entity contributions for Employee Benefit Plans	X X X								
61.	TOTAL (Direct Business)	(a) 1	3,350,687	54,708,632	446,842,345				504,901,665	

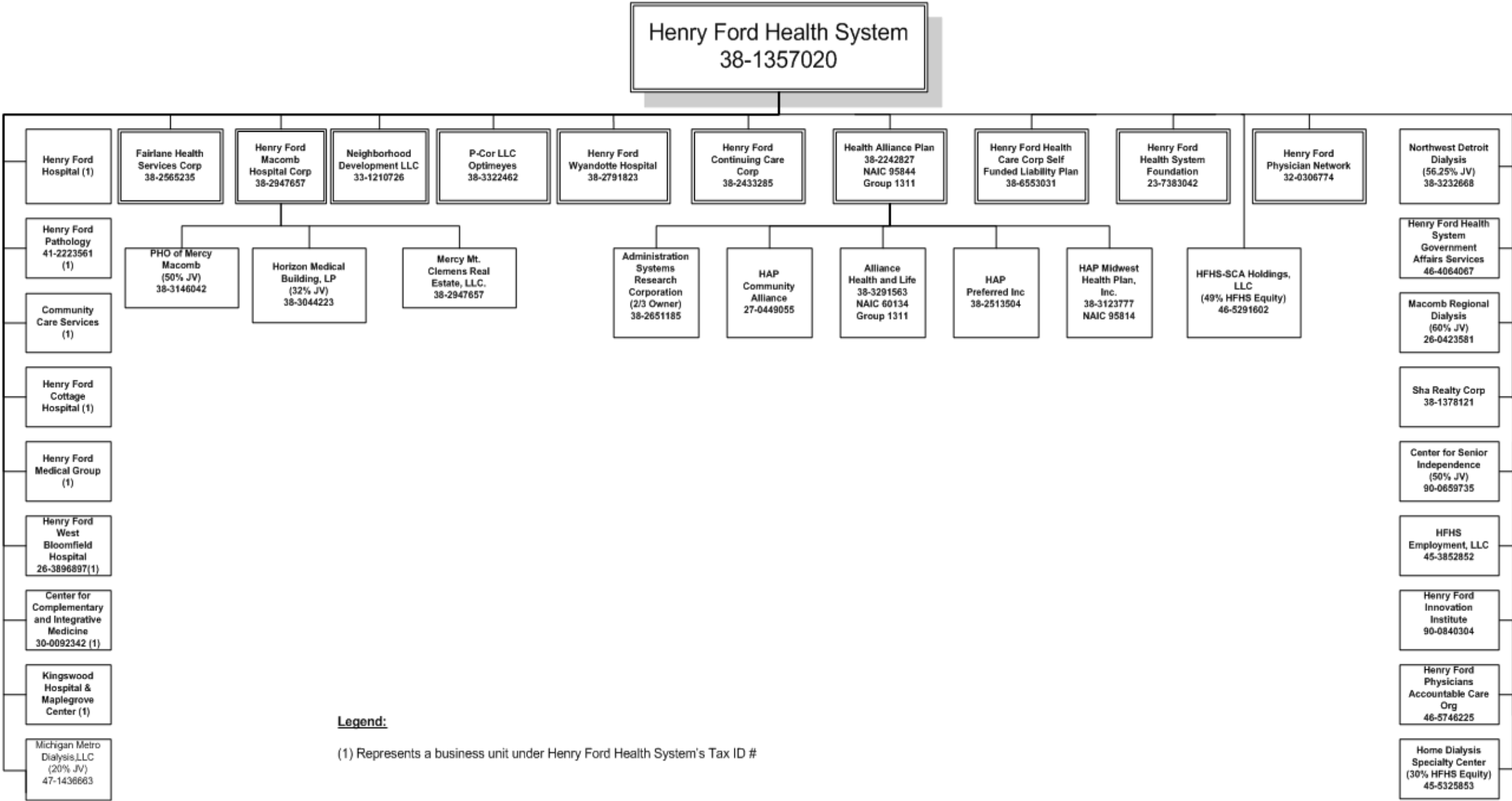
DETAILS OF WRITE-INS										
58001.	X X X									
58002.	X X X									
58003.	X X X									
58998.Summary of remaining write-ins for Line 58 from overflow page	X X X									
58999.TOTALS (Lines 58001 through 58003 plus 58998) (Line 58 above)	X X X									

(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business in the state.

(a) Insert the number of L responses except for Canada and Other Alien.
Explanation of basis of allocation of premiums by states, etc.: HAP Midwest Health Plan, Inc. is licensed and operates only in the state of Michigan.

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER
MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART

40



INDEX TO HEALTH
ANNUAL STATEMENT

Analysis of Operations By Lines of Business	7
Assets	2
Cash Flow	6
Exhibit 1 - Enrollment By Product Type for Health Business Only	17
Exhibit 2 - Accident and Health Premiums Due and Unpaid	18
Exhibit 3 - Health Care Receivables	19
Exhibit 3A - Analysis of Health Care Receivables Collected and Accrued	20
Exhibit 4 - Claims Unpaid and Incentive Pool, Withhold and Bonus	21
Exhibit 5 - Amounts Due From Parent, Subsidiaries and Affiliates	22
Exhibit 6 - Amounts Due To Parent, Subsidiaries and Affiliates	23
Exhibit 7 - Part 1 - Summary of Transactions With Providers	24
Exhibit 7 - Part 2 - Summary of Transactions With Intermediaries	24
Exhibit 8 - Furniture, Equipment and Supplies Owned	25
Exhibit of Capital Gains (Losses)	15
Exhibit of Net Investment Income	15
Exhibit of Nonadmitted Assets	16
Exhibit of Premiums, Enrollment and Utilization (State Page)	30
Five-Year Historical Data	29
General Interrogatories	27
Jurat Page	1
Liabilities, Capital and Surplus	3
Notes To Financial Statements	26
Overflow Page For Write-ins	44
Schedule A - Part 1	E01
Schedule A - Part 2	E02
Schedule A - Part 3	E03
Schedule A - Verification Between Years	SI02
Schedule B - Part 1	E04
Schedule B - Part 2	E05
Schedule B - Part 3	E06
Schedule B - Verification Between Years	SI02
Schedule BA - Part 1	E07
Schedule BA - Part 2	E08
Schedule BA - Part 3	E09
Schedule BA - Verification Between Years	SI03
Schedule D - Part 1	E10
Schedule D - Part 1A - Section 1	SI05
Schedule D - Part 1A - Section 2	SI08
Schedule D - Part 2 - Section 1	E11
Schedule D - Part 2 - Section 2	E12
Schedule D - Part 3	E13
Schedule D - Part 4	E14
Schedule D - Part 5	E15
Schedule D - Part 6 - Section 1	E16
Schedule D - Part 6 - Section 2	E16
Schedule D - Summary By Country	SI04
Schedule D - Verification Between Years	SI03
Schedule DA - Part 1	E17
Schedule DA - Verification Between Years	SI10
Schedule DB - Part A - Section 1	E18
Schedule DB - Part A - Section 2	E19
Schedule DB - Part A - Verification Between Years	SI11
Schedule DB - Part B - Section 1	E20
Schedule DB - Part B - Section 2	E21
Schedule DB - Part B - Verification Between Years	SI11
Schedule DB - Part C - Section 1	SI12
Schedule DB - Part C - Section 2	SI13
Schedule DB - Part D - Section 1	E22
Schedule DB - Part D - Section 2	E23

INDEX TO HEALTH
ANNUAL STATEMENT

Schedule DB - Verification	SI14
Schedule DL - Part 1	E24
Schedule DL - Part 2	E25
Schedule E - Part 1 - Cash	E26
Schedule E - Part 2 - Cash Equivalents	E27
Schedule E - Part 3 - Special Deposits	E28
Schedule E - Verification Between Years	SI15
Schedule S - Part 1 - Section 2	31
Schedule S - Part 2	32
Schedule S - Part 3 - Section 2	33
Schedule S - Part 4	34
Schedule S - Part 5	35
Schedule S - Part 6	36
Schedule S - Part 7	37
Schedule T - Part 2 - Interstate Compact	39
Schedule T - Premiums and Other Considerations	38
Schedule Y - Information Concerning Activities of Insurer Members of a Holding Company Group	40
Schedule Y - Part 1A - Detail of Insurance Holding Company System	41
Schedule Y - Part 2 - Summary of Insurer's Transactions With Any Affiliates	42
Statement of Revenue and Expenses	4
Summary Investment Schedule	SI01
Supplemental Exhibits and Schedules Interrogatories	43
Underwriting and Investment Exhibit - Part 1	8
Underwriting and Investment Exhibit - Part 2	9
Underwriting and Investment Exhibit - Part 2A	10
Underwriting and Investment Exhibit - Part 2B	11
Underwriting and Investment Exhibit - Part 2C	12
Underwriting and Investment Exhibit - Part 2D	13
Underwriting and Investment Exhibit - Part 3	14